Voice Of The Customer (VoC)

Idea In Short

VoC is the process of gathering and understanding customer feedback to directly improve product, service and customer experience. VoC programs include a wide range of tasks, from collecting data, to extracting insights, to putting them to work in your customer life cycles. Voice of the Customer (VoC) gives prominence to the stakeholders (especially, the customers), their views of, experiences with and feedback about your product or service. The Voice of the Customer process identifies customers' most pressing needs and expectations. Once identified, companies could adapt their business model to be more aligned with customers' needs and wants. Capturing the Voice of the Customer is non-restrictive. This process could involve surveys, online forums, discussion groups and utilising data.

Building a thriving business without the trust and loyalty of your customers is incredibly difficult, if not impossible. Startups stuggle to find the right product-market fit. Likewise, established businesses also struggle with retentaining customers more than acquiring them. Today, fastest growing startups and businesses heavily rely on customer advocacy to grow their top- and bottom-line.

As Kevin Kelly opines, turning your customers into advocates or true fans is a reliable approach to build a sustainable business. To do all this, it is crucial for businesses to understand their customers and their needs to formulate product and service roadmaps, appraise strategic choices and make decisions that positively influence their relationships.

The term Voice of the Customer (VoC) denotes giving prominence to customers' sentiments around a product, service or even, capabilities. Through VoC, you elicit their views of, experiences with and feedback about your offerings.

Case - Apple

Today, Apple is among the most leading influential brands in the world. It is most recognized for its sleek designs, innovative products and exceptional customer experience. Apple co-founder Steve Jobs learned the value of customer early on.

During a presentation at the 1997 Worldwide Developer Conference, Jobs said that:

> One of the things I've always found is that you've got to start with the customer experience and work backwards to the technology. You can't start with the technology and try to figure out where you're going to try to sell it. As we have tried to come up with a strategy and a vision for Apple, it started with, What incredible benefits can we give to the customer? Where can we take the customer?

Jobs's message is one that businesses across every industry should internalize. Customer experience is the new competitive battlefield. To grow or maintain market share, companies must focus on customer experience. Customer experience is central to all business activities, ranging from product development to sales and marketing and after-sales customer support. To do so, organizations should start by listening to their customers through the Voice of the Customer (VoC) activities.

Case - Amazon

Like Apple, Amazon is also an incredibly customer-obsessed organization. In his meetings, Jeff Bezos always set up an empty chair to represent the customer. As a result, Amazon is now considered the Earth's Most Customer-Centric Company. According to Amazon:

> Our mission is to continually raise the bar of the customer experience by using the internet and technology to help consumers find, discover and buy anything, and empower businesses and content creators to maximize their success.

Jeff Bezos is known for saying:

Start with the customer and work backward

Working backwards

Working Backwards is a process at Amazon to vet ideas and create products or services. Its key tenet is to start by defining the customer experience, then iteratively work backwards from that point until the team achieves clarity of thought around what to build.

Every project or product at Amazon starts with a Press Release (PR) and Frequently Asked Questions (FAQs) that feature customer anecdotes.

PR/FAQ

What's unique about Amazon's PR/FAQs is that they're written from a future perspective---describing a hypothetical launch of a yet-to-be-released product. Working backwards' principal tool is a written narrative called the PR/FAQ, short for press release/frequently asked questions. The PR/FAQ is written for the customer in a language a customer can understand. The process ensures that the customer is top of mind throughout the entire journey of turning an idea into a product or service for the company. With this process, you start with the customer and work backwards, rather than starting with an idea for a product and trying to bolt customers onto it.

Most PR/FAQ documents will never be seen outside of Amazon. However, in this rare case, Wharton Business School published an example PR/FAQ from 2013 for Amazon Prime Pantry. First, Amazon's teams think through all the reasons they should build a hypothetical product or service in an FAQ document. Then, they draft a Press Release (PR) that would compel a potential customer to buy the product or service. The product team should have been sufficiently customer-obsessed in writing the press release. Else, there's no case for them to actually build the product.

The PR/FAQ is divided into three parts:

1. **A Press Release (PR):** A hypothetical press release that might be written when the new product is actually released. Much like a litmus test for the product, if this write-

up doesn't convince someone to buy the product, then it needs to be rewritten

2. **An External FAQ:** A list of potential questions customers or the press might have about the product along with their relevant answers that would accompany the PR
3. **An Internal FAQ:** Similar to the external FAQ, but much longer and with hard questions internal stakeholders may ask the Product Development Team---including all kinds of concerns, challenges, and potential risks. Mockups are optional, but useful where products have a UI component, or where the service could be more clearly understood with a storyboard or illustration

According to Jeff Bezos:

> Done correctly, the Working Backwards process is a huge amount of work. But, it saves you even more work later. The Working Backwards process is not designed to be easy, it's designed to save huge amounts of work on the back end, and to make sure we're actually building the right thing.

Case - Stew Leonard

Stew Leonard's is a family-owned regional US chain of experiential farm-fresh grocery stores. One reason behind the stores' phenomenal success is that it is excessively customer-centric, as best expressed by its simple company policy:

- **Rule 1:** The customer is always right
- **Rule 2:** If the customer is ever wrong, reread Rule 1

But there's another success secret - the family business's continuous improvement initiatives based on customers' ideas:

> From its early days, Stew Leonard's has involved customers and their ideas in their efforts to making its stores better. At Stew Leonard's, customer suggestion boxes are filled to the brim every day. Moreover, customers volunteer their Saturday afternoons for participating in focus groups in which they suggest their ideas on how to make Stew Leonard's stores better. The owners of the family business described the secret behind Stew Leonard's growth as follows: It's all about

> listening to the customers and doing what they say. When they give customers what they want, they see that Stew Leonard's acts upon their ideas, and tell their friends about it.

Case - Ingersoll Rand

Involving customers in innovation also seems to work well for innovation initiatives targeting the upgrade of existing products and services. In their book In Search of Excellence, Tom Peters and Robert Waterman tell the tale of a successful product upgrade innovation story involving Ingersoll Rand, an American industrial tool-maker. One of the firm's leading tool distributors challenged Ingersoll-Rand to develop a more innovative grinder tool within a year---or they'd sign up a competitor to distribute their tools:

> In the early stages of the project, the innovation team visited end-users of their grinders to observe first-hand how they interacted with their tools. To their surprise, they spotted that the workers looked like medieval warriors. They were wearing body armor and helmets to protect all their upper body parts and had wrapped tape around their tool-holding hands to prevent their fingers from accidentally slipping into the grinding surface spinning at 7,000 rpm. The innovation team also interviewed their "real customers," the workers who, while not purchasing the tool, have to hold it 8 hours each workday to grind off metal edges from molded parts. The insights that the team gained exploring the harsh lives of their "real customers" informed the subsequent ideation and development process. The decisive criterion of whether to include an idea in the final product was: "Does this feature make end-users' lives better?" Finally, when the team tested the new product prototype with some workers, one of them commented: "The tool is really okay. But you know what? Now my hands don't hurt anymore in the evening." And the Ingersoll-Rand team knew that thanks to involving customers in the new product development process, they had a winner.

Who is a customer?

A customer is a person, organization or entity that is the direct recipient of your product or services. Sometimes the term stakeholder is used as a type of customer. However, in reality, they are rarely the direct receiver. Stakeholders may have stake or interest in the well being of your organization. But, they may not be the direct recipients of our outputs i.e. products or services. A customer may be:

- **External:** An external customer directly receives your output and is the primary source for your revenue and income
- **Internal:** An internal customer is a different person or department within your organization that receives your or your department's outputs. They generally do not pay you for your work product or services

What is VoC?

The Voice of the Customer, or VOC, is a structured process of directly gathering customer feedback. Specifically, the VoC process gathers the needs, wants, expectations, performance and experiences of your products or services. It is one of many customer research methods that companies can employ to learn more about their customers and their needs.

In simple terms, VoC encompasses all of the feedback that you receive from customers regarding their needs, their expectations and their feelings (sentiments) towards your products and services. It is a data-driven feedback loop that helps business owners understand what customers want, how they feel, and why they make certain choices. It overlaps with many other forms of research but distinguishes itself in that it is focused on feedback, which can be more easily streamlined than some other, more intensive research methods. Technically, VoC falls under qualitative research due to its focus on customer opinions that are usually collected through surveys and interviews. It is one of the most effective ways for companies to learn more about their customers to address any issues or concerns that need to be addressed.

By listening to the Voice of the Customer, businesses can better understand and meet customer needs, expectations -- and improve the product and service they offer. A Voice of the Customer program gives insight into customer preferences, problems, and complaints. These VoC programs identify and respond to the Voice of the Customer to improve customer satisfaction and loyalty.

Through the Voice of the Customer process, businesses can identify their customers' most important needs and expectations. Once identified, they can better align their business model and offerings with their customers' needs and wants. In general, you can classify customer needs as related to:

- Quality
- Cost
- Safety
- Service
- Delivery, and increasingly
- Social Responsibility

Therefore, organizations should pursue these aspects to satisfy their customers.

The process

Customer perceived value refers to the value that customers assign to a product or service based on whether they believe it will meet their needs or expectations. Typically, when determining the perceived value of an item, customers weigh its perceived benefit against its perceived cost. If the perceived benefit outweighs the perceived cost, the item will have a positive perceived value; if the inverse is true, the item will have a negative perceived value. There are countless ways to get to know your customers better, but ultimately you will likely rely on a combination of insights from customer research and feedback.

There are a number of ways businesses can capture the Voice of their Customers. Among them are:

- Direct observations
- Surveys
- Interviews
- Focus groups
- Complaint data
- Customer service reps
- Sales reps
- Existing company data
- Industry data

Unless both the organization and the customer define what is important in the same way, they may be delivering a product and service that does not provide the value the customer wants and needs.

VoC is a continuous process that allows companies to capture consumer voices and opinions on an ongoing basis - both online and offline. It was initially started to help businesses understand current customers' feedback, but it has been extended for use with prospective customers.

Why is the Voice of the Customer important?

More than 50% of the innovation comes from the Voice of the Customer (Lou Rossi) VoC has become a crucial tool for businesses to build a customer-centric strategy and maintain a competitive advantage in the market. With markets for digital products becoming increasingly competitive and the tools for online research becoming increasingly accessible, Voice of the Customer has become a go-to methodology for many teams that want to decode their customers' needs in order to build trust and loyalty and foster advocacy.

Though applications of Voice of the Customer in top-of-the-funnel awareness adn acquisition is becoming increasingly common, it's in activating and retaining customers that it can be applied most effectively. Gathering customer feedback, suggestions, complaints and opinions can help companies differentiate themselves in their positioning, better onboard new customers, develop a better user experience and build better products.

Stronger customer relationships

With 74% of consumers these days expecting companies to understand their needs, it's important to listen to gather and act on customer feedback effectively. Not only can a deeper understanding of your customers' needs help you better support them, but offering customers an easy and effective way to voice their opinions and be heard goes a long way in building trust and showing you as a company care.

Improve customer experiences

Some teams go to extreme lengths to track user actions and collect complex data to understand how users are behaving within their product. These analytics can be very useful, but they require a decent sample of data and a fair bit of expertise to derive truly actionable insights. Meanwhile, a lot of the questions you may be asking yourself about your customers' experience are best answered by the customers themselves. VoC reports can provide a clear view of what consumers like and dislike about certain products, services or even user paths, which in turn can be used to better prioritize tasks and projects to improve the overall customer experience.

Learning opportunities

If a business has already made a mistake or encountered an issue, VoC can determine the cause of the problem and find a solution. The data gathered will show what customers think about certain issues and help contextualize, prioritize and decide on how these should be addressed in future. If certain difficulties or complaints recur across customer opinions, it can draw attention to issues so that teams can act on them, with the support of their stakeholders.

Service excellence

VoC is commonly used to gauge customer satisfaction levels. It helps them understand if they are providing the kind of service that people expect and need so that they can maintain positive customer relationships. It also provides direct insight into how they can improve customer service in the long run.

Customer retention

Through VoC, businesses can better understand what products and services their customers value and what factors are most important in their success. This sort of data provides information on how these customers are best served on both the product and customer success side of things, which is crucial for improving customer retention. Having a solid VoC strategy in place has been shown to help companies decrease their customer retention costs by up to 25%.

Popular methodologies

The voice of customer methodology encompasses the strategy and tools a business will use to gather feedback from its customer base. This data can determine what problems are occurring and the root causes behind these issues. There are different techniques that companies can use to collect data from their customers so they can see things from their perspective.

Online surveys

Online surveys are a great way for companies to reach out to their customers and obtain feedback from them. They can be used by businesses to get an idea of customer needs, expectations, and satisfaction levels.

Pros:

They are quick and easy to set up since the survey only needs to be created once and there are plenty of templates out there. Once created, they can be sent out with the click of a button. They do not take up too much of users' time as it only takes a few minutes to complete an online survey.. Furthermore, they are cost-effective since they do not require very sophisticated or expensive tools to be set up.

Cons:

However, online surveys need to be regularly updated in order for the collected data to remain relevant. Finding respondents and incentivizing responses can also be challenging. If there is not enough customer participation, it can lead to inaccurate results, which will make them less effective.

Customer calls

This VoC strategy allows businesses to learn about their customers through phone calls with them. This strategy can be paired with other VoC techniques to better understand what your consumers want. It also overlaps heavily with other research methods such as interviews and focus groups

Pros: Customer calls provide businesses with a personal interaction that helps them connect more with their customers. Data gathered is from the direct viewpoint of an actual customer, which helps you get a better idea of what they want. You gain more unexpected insights as well as context due to the in-depth format.

Cons:

Not all customers will speak freely, which can make it harder to get accurate data about what they want. Biases are always a possible issue. It takes more time and effort on both sides, meaning that you are always dealing with a smaller sample size.

Social Media

Over the past years, social media platforms have become a forum for consumers to share suggestions, advocate for products and share feedback directly with companies. With social listening tools such as Mention and Brand24, it is easier than ever to keep track of what others are saying about your brand.

Many customers spend a lot of time on social media, which makes it a natural and convenient place to reach them and gather feedback. Social networks have a public-factor meaning that you don't just collect feedback that they give directly to your business, but have the option to see what they say about your products and services to others. Social listening tools make it easy and affordable to keep track of the Voice of the Customer without too much effort.

However, social media has its own biases and often is a place where stronger opinions (both positive and negative) get voiced. Furthermore, different networks can have different customer segments which need to be accounted for when assessing feedback.

Online Reviews

Encouraging your customers to leave a review is not only a solid way to gauge how they feel about your product or service, but it can also serve as strong social proof for your business. Many companies have processes in place for collecting reviews, which is a great source for Voice of the Customer insights.

Pros: The process of requesting reviews can be automated. Reviews create social proof, which helps with conversions. It offers customers a legitimate way to voice their opinions and shar either experience.

Cons: Reviews can sometimes be vague and lack important detail. Usually, reviews attract stronger opinions than the average user. Furthermore, negative reviews are public and can damage your brand reputation.

To ask the right question is already half the solution of a problem (Carl Jung)

Summary

Understanding and properly responding to the VoC is the primary determinant of the long-term success and survival of an organization. The Voice of the Customer is a fundamental part of customer research that can hugely benefit small and large businesses alike. Given its broad nature, VoC is a great research methodology for bridging gaps between departments and sharing customer opinions across teams. VoC is about helping businesses gain a deeper understanding into the needs and preferences of their customers and can go a long way to validate and drive costumer-centric projects that help build a strong brand, activate more users, boost retention and turn customers into loyal advocates. There are a number of methods by which organizations can collect and understand what customers tell them. Mastering VoC is an existential necessity of any organization that wants to sustainably focus on customer experience. Fact-based VoCs enable you to constantly adapt your business strategy to better meet customer needs and achieve your financial goals.