

# Voice of the Customer:

## *Why It Still Matters for Consumer Products Companies*



**Consumer engagement is a hot topic for most Consumer Products companies today. With this increased focus on the end consumer, how should Consumer Products companies prioritize the voice of their customer, the retailer?**

The revolution of retail is grabbing the attention of Consumer Products (CP) companies, as consumers' expectations and paths to purchase continue to shift. As one of my colleagues recently described in a paper, *Navigating the Retail Revolution: Insights for Consumer Products Manufacturers*, strategic plans for the future need to start now. At the same time, most CP manufacturers conduct over 90% of their business through traditional retail channels, making retail relationships essential to commercial success.

In some ways, I think the Voice of the Customer (VOC) process is more critical now than it was in the past. A proper VOC assessment not only identifies retailers' current expectations, but also captures their future requirements. Considering the criticality of the retailer relationship to today's business model and the pending revolution of retail, I would say there is no better time for CP manufacturers to engage in a VOC initiative with their retail partners.

**What should companies expect to gain from a VOC assessment?**

In my view, a VOC assessment provides CP companies with strategic assets. Information and insights gained from customers are invaluable, assuming they are aggregated and translated into actionable improvements by way of a roadmap.

Forward-thinking Consumer Products (CP) leaders are investing in strategic initiatives to collect insights from their retail partners. These insights provide CP companies with an understanding of their retailers' current needs and future preferences. Considering the criticality of the retailer relationship to today's business and the retail revolution impacting tomorrow's, these insights are essential to developing strategies that drive mutual goal attainment.

Voice of the Customer (VOC) is a formalized process used to capture requirements, expectations, preferences and feedback from customers

to ultimately provide them with best in class service and product quality. This proactive approach captures changing customer requirements over time, which is critically important considering the ever changing retail environment. Although VOC assessments have been in existence for over 30 years, this customer-centric approach is as relevant for the CP industry today as it was at its inception.

To discuss how the Voice of the Customer discipline can be leveraged by Consumer Products companies, we sat down with one of Clarkston's experts on this topic, Steve Rogers.

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The output of an assessment allows manufacturers to glean both current and future performance expectations. Results include stated and unstated needs in each of these categories, as well as benchmarks against competitors. The culmination of this information provides CP companies guidance on improvement efforts from low-hanging fruit to future long-term investments. For example, retailers may value operational excellence in areas such as order management and fulfillment above other aspects of the commercial relationship depending on their unique business model and customer value proposition. The key is to base decisions on your customer's actual needs, preferences and priorities as opposed to assumptions. Voice of the Customer removes the guess work.

**When you talk about the voice of the customer, who specifically at the retailer speaks on behalf of the customer?**

This is one of the more critical questions that Consumer Products manufacturers must get right to fully realize the benefits I just outlined. The voice of the customer is not a single voice from a single point of contact. It's a culmination of voices from all aspects of the retailer's business - from sales to operations and from strategic to tactical. I would recommend that CP companies create a comprehensive list of all key stakeholder functions at their retailer, and then talk to both visionaries and practitioners in each area to paint a complete picture of the needs of today and anticipate the needs of tomorrow. I'm reminded of a quote from David Simchi Levi, Professor at MIT, "What matters most is not the product or service but rather the customer's perceived value of the entire relationship with a company."

**Steve's Last VOC Project**

- *Client: Industry leader in home furnishings*
- *Retail Customers Interviewed: 20 retailers in three segments divided by customer perception*
- *Focus areas: Commercial, order management, fulfillment and planning*
- *Scope of Recommendations: Order management, inventory management, fulfillment, communication and new product introduction*
- *Results: Increased credibility with retailers, investment prioritization and functional benefits as roadmap is implemented*

**For those CP companies that want to do a voice of the customer assessment, is it as simple as asking some of their customers for feedback or doing a customer satisfaction survey?**

Yes and no. Let's go back to what we are trying to accomplish with VOC – understand retailer requirements, relative levels of importance for various requirements, current performance expectations and future preferences. With those goals in mind, there must be a considerable amount of strategy and planning before launching in to the execution of an assessment.

Before starting a VOC assessment, executive level support and cross-functional engagement across the company is a must. Too often, one functional area initiates a VOC assessment in a siloed fashion without properly engaging their peer groups. Not only does this limit the value of VOC, but it often causes friction among groups.

Inevitably, results need review, assessment and action from all functional areas at the manufacturer. Change management 101 suggests that transformational projects of this kind need executive level support and leadership to ensure that all key stakeholder groups are engaged. Up-front investment to secure this sponsorship and support will save organizational energy on the back end.

The next steps in the planning process are to identify the retailers to assess, segment them where appropriate, engage all the appropriate functional areas of the retailer and develop the data collection methodology and tools. When doing any type of research, especially research that involves the customer, the data that is collected and how it is collected significantly impacts results. Voice of the Customer data can be captured through a variety of approaches including direct discussions, interviews, surveys, or focus groups. Wherever possible, I recommend interviews contain both quantitative and qualitative segments to provide the opportunity to probe deeper and explore the "whys."

Most teams find that a majority of the project's time will be invested in developing the data collection tools (e.g. surveys, questionnaires). Certainly all the manufacturer's key stakeholders will have great input into these tools, but retailers are also good resources to help develop or vet questions. CP companies should consider using an outside VOC expert to help guide tool development. Companies may also want to use outside resources to collect and analyze the data to provide the retailer an open forum for sharing and eliminate internal biases.

After all the strategy, planning and development have been accomplished, CP companies can then start the most exciting part of the project – listening to the voice of their customer.

**It sounds like the data collection process can generate a great deal of data to analyze. How do you transform the data into action and then prioritize?**

It all begins with the creation of a thoughtful, well constructed discussion guide that includes standard quantitative and qualitative questions while providing latitude for further exploration when appropriate. These data collection tools can drive an understanding of “basics” and “differentiators.” By basics, I mean those minimum requirements that retailers expect from manufacturers that are non-negotiable – do them, or risk dissatisfying the retailer.

Differentiators are the activities that go above the basic expectations, delight the customer and possibly even achieve competitive advantage.

Separating basics from differentiators helps on many fronts, including organizing and prioritizing actions for a roadmap. I’ve found one of the key pitfalls of data analysis is that companies become overly enamored with just the potential breakthrough ideas - those changes that will “wow” the customer and serve as future opportunities for differentiation. While it is understandable to want to pursue the “big idea” companies may be tempted to do so at their peril – failing to deliver on the basic fundamentals of the commercial relationship will result in damaged or sub-optimal relationships. This is especially true when competitors are meeting the basics. During times of

fiscal constraint, CP manufacturers need to understand where strategic resource investments can be made to make the biggest difference with their retail customers. In my experience with these VOC assessments, roadmaps kick off with some very basic actions that create significant improvements in retailer relationships. For example, a recent VOC initiative brought to light that top customer concerns revolved around improving on-time delivery performance and streamlining the returns process. While these are clearly not break-through ideas, they did represent major opportunities for the manufacturer to improve the overall customer experience and promote affinity. This should be encouraging for those companies hesitant to do a VOC – it is often operational excellence and basic customer responsiveness that resonates best with the customer.

“Companies often become overly enamored with the differentiators, while failing to deliver on the basic fundamentals of the commercial relationship.”

**We have to provide the basics!**

Minimum, non-negotiable requirements that retailers expect from manufacturers to satisfy their needs.

**What can we do to “wow” our customers? differentiators**

Innovative ideas that go above basic expectations, entice the customer and serve as opportunities for differentiation.



### What advice do you have for those Consumer Products companies who already leverage VOC or want to take it to a new level?

Going back to how we started this discussion, everything is changing about consumer preferences and paths to purchase. Consumer Products companies are in constant pursuit of ways to optimize their marketing mix and increase engagement with their brand. Certainly, focusing on the direct customer, the retailer, for a VOC is important. However, as the retail revolution continues, manufacturers should consider VOC<sup>2</sup>—Voice of the Customer and Consumer. Although infinitely more complex than a traditional VOC, a VOC<sup>2</sup> will help manufacturers determine what investments to make, in what proportions and with what constituents for the greatest impact on growth and their bottom line.

#### ***Voice of the Customer Lessons Learned***

- Set a VOC Strategy
- Build executive support
- Build a cross-functional team
- Communicate internally and externally
- Do not ignore the “basics”
- Achieve data integrity
- Aggregate initiatives to manage holistically
- Prioritize, resource and act



#### **About the Expert**

Steve Rogers is a Principal with Clarkston Consulting with over 20 years of experience in the

Consumer Products industry. He has served in leadership positions across a wide spectrum of demand related functions including Consumer Marketing, Brand Marketing, Trade Marketing, Sales Planning and Field Sales. His passion is to help clients create solutions for business challenges across customer and consumer marketing.

*To continue the discussion on Voice of the Customer (VOC) or Voice of the Customer and Consumer (VOC<sup>2</sup>), contact us at [info@clarkstonconsulting.com](mailto:info@clarkstonconsulting.com).*



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