



Using Voice of the Customer to Commercialize New Offerings

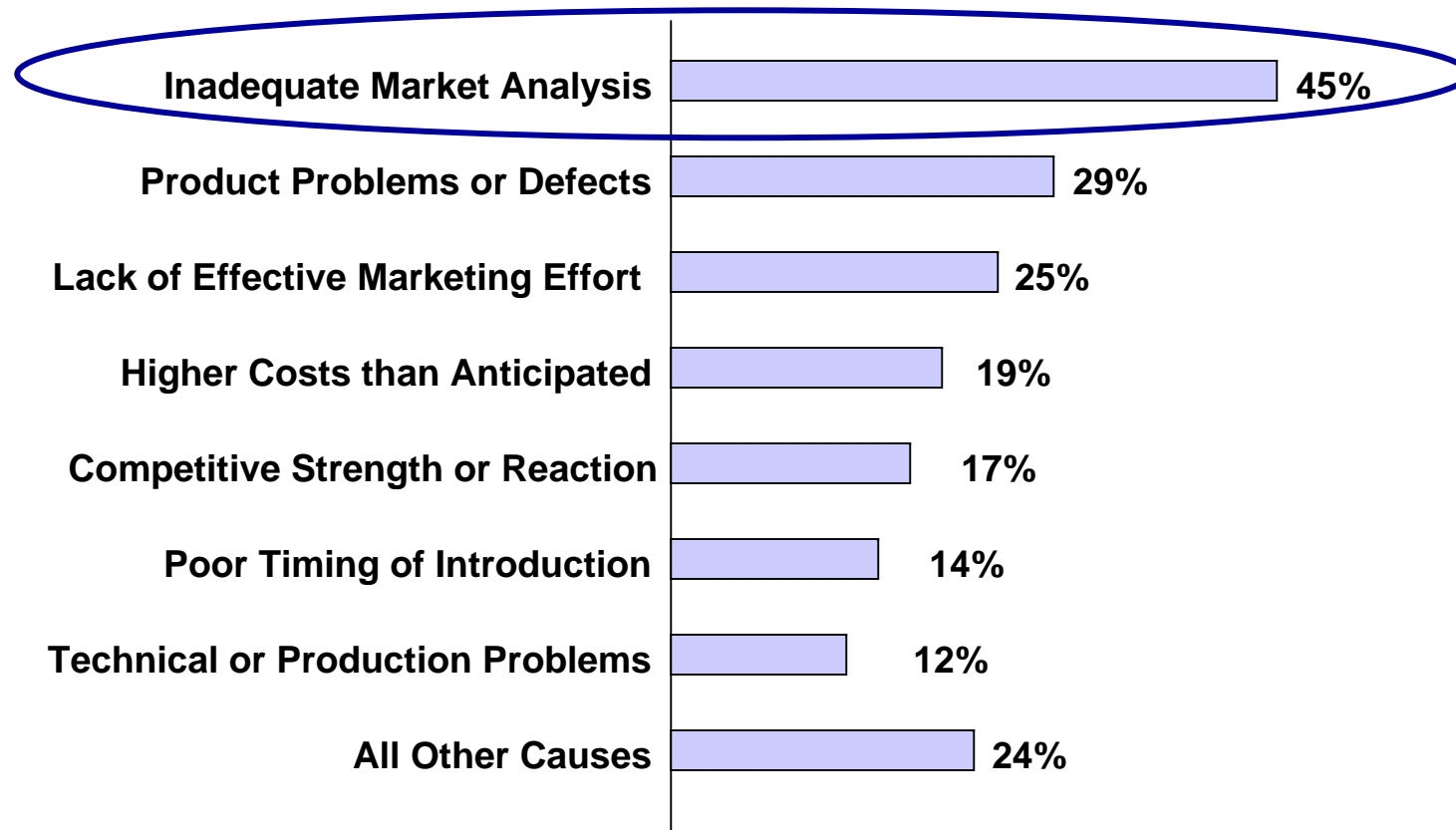
Marketing for Technology Businesses

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Why Product Launches Fail

Causes of New Product Failure - Robert G. Cooper - 2001



Overview

- Understanding Customer Needs – Some Basics
- Listening to the Voice of the Customer (VOC) Along the Development Cycle
- VOC Tools
- VOC Interview Process Flow
- Summary

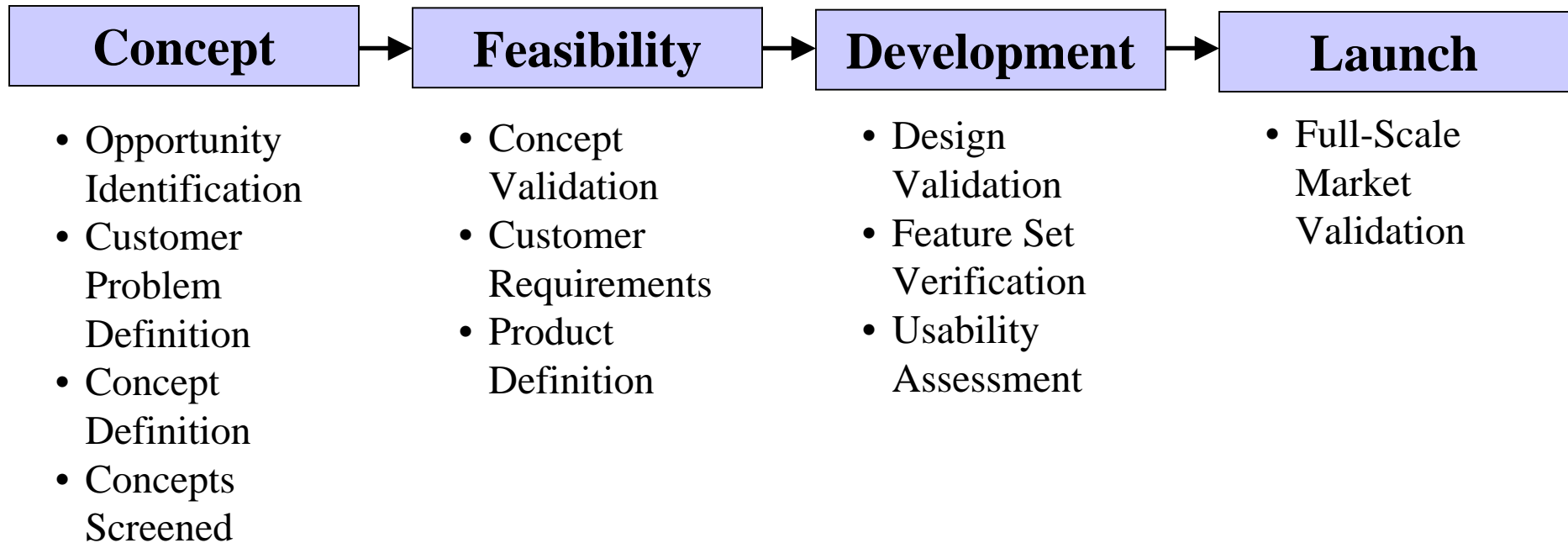
VOC Case Studies – Why Getting it Right Pays Off

- Some High Profile Winners
 - Apple – i-Pod
 - P&G – Swiffer
- Some High Profile Losers
 - Motorola – Iridium satellite phone system
 - Coca Cola – New Coke
- Key Learnings
 - Effective VOC helps target winning value propositions
 - Inadequate (or poorly timed) VOC can be very costly

VOC Basics

- Engage the customer “directly”
 - to hear their voice unfiltered
 - to enhance richness of insight flow
- Approach the process systematically
 - to ensure timeliness and completeness
 - to drive effective execution
- Complement with secondary market research
 - to fill out the story

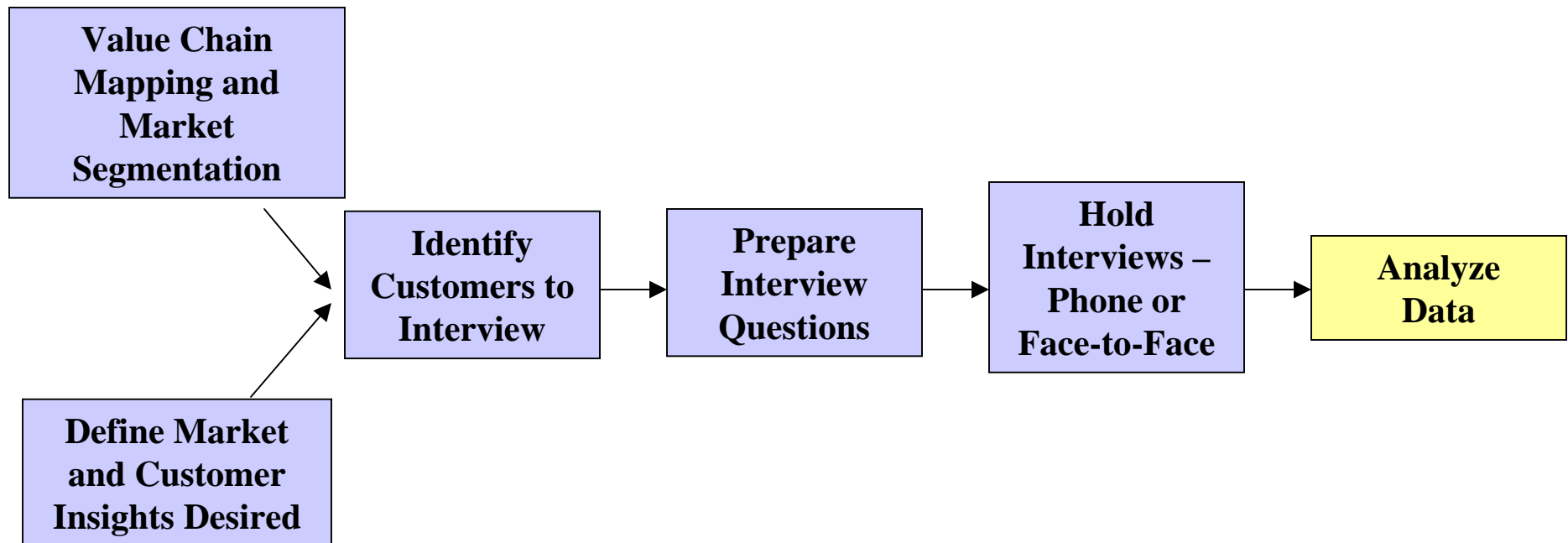
Key VOC Deliverables Through the Development Cycle



Commonly Used VOC Customer Input Tools

	Description	Strengths	Weaknesses	Best Use
Contextual Inquiry	Ethnographic research – experience the customers environment - discovery	<ul style="list-style-type: none"> • Rich data-set • In-depth picture • Totally unfiltered 	<ul style="list-style-type: none"> • Resource intensive • Time consuming • Limited flexibility 	<ul style="list-style-type: none"> • In-depth discovery of rqmts/needs for narrow customer base
Interviews	Structured conversations – open-ended questions – exploratory – one-on-one	<ul style="list-style-type: none"> • Open format • Flexibility • Focus on “probing” 	<ul style="list-style-type: none"> • Non-quantitative • Time required for data analysis 	<ul style="list-style-type: none"> • Broad identification of customer needs • Product definition
Focus Groups	Moderated group discussion – exploratory - usually w/potential users	<ul style="list-style-type: none"> • Ability to explore • Group interactions • Quick turnaround 	<ul style="list-style-type: none"> • Group dysfunctions • Difficulty w/ probing • Potentially high cost 	<ul style="list-style-type: none"> • Assessment and validation of product concepts and designs
Usability Tests	Observe customers using the product -discuss user experience afterwards	<ul style="list-style-type: none"> • Directly uses prdct • Firsthand experience • Study context effects 	<ul style="list-style-type: none"> • May not tell “why” • Potential limitations on setting & opprtunity 	<ul style="list-style-type: none"> • Assessment of product or prototype design
Surveys	Questionnaire based inquiry – with a strict set of questions & responses	<ul style="list-style-type: none"> • Quantitative • Ease of execution • Reach many people 	<ul style="list-style-type: none"> • Constrained format • Low response rate • No “dialogue” 	<ul style="list-style-type: none"> • Validate & prioritize response to product concepts or prod dfn
Market Tests	Test combined package of product offering & mktg approach in the market	<ul style="list-style-type: none"> • Comprehensive • Quantitative • High value of data 	<ul style="list-style-type: none"> • Major planning and execution effort rqrd • Cost 	<ul style="list-style-type: none"> • Final market validation prior to launch

Voice of the Customer – Interview Process Flow



Interview Process – Looking at the Pieces

- **Value Chain Mapping and Market Segmentation**
 - Identify the universe of possible “customers” you might engage along the value chain
 - Group potential “customer” interviewees based on common features that characterize them
- **Define Customer/Market Insights Desired – i.e. do you want to understand:**
 - Value for specific product/concept alternatives?
 - Key operational/process issues they face relevant to your offerings?
 - Impact and implications of key market or technology trends?
 - Or what?
- **Identify Customers to Interview**
 - Sufficient breadth of segments and marketplace roles
 - Sufficient number
- **Prepare Interview Questions**
 - Drive off of customer/market insights desired
 - Build in both leading and follow-on questions
- **Hold Interviews**
 - Use multiple interviewers whenever possible to provide multiple perspectives
 - Explore and dig for deep insights
 - Capture as complete a transcript of their words as possible – their voice not yours

Interview Process – Analyzing the Data

- Grouping of Customer Inputs
- Extraction of Key Themes
- Prioritization of Findings
- Developing Recommended Plan of Action

Summary

- The #1 reason new products fail is inadequate market research
- A key success factor in revenue growth for technology companies is providing products that customers want at a price they are willing to pay
- Voice of the Customer (VOC) is a disciplined approach to market research
- Although VOC can be expensive, you may find some non-quantitative strategic direction by applying the principles on a limited scale – appropriate to the stage of your company's development.

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