



Talk to Me:
**Customer Dialogue
and Strategic Insights**

BY BRENT BANDA

June 2019



DISCUSSIONS WITH CUSTOMERS OFTEN PROVIDE COMPANIES WITH A DEEP UNDERSTANDING OF THE PSYCHOLOGY BEHIND HOW THEIR CUSTOMERS SELECT A PRODUCT OR A COMPANY TO BUY FROM.

Most companies I work with have been in business a few decades – several as long as 100 years. They know their industries and their customers well through years of experience. But true insight into opportunities and challenges in their industry is not revealed by day-to-day operations. It emerges only when a company takes the initiative to understand its industry and its own company much more deeply.

Good strategic decisions stem from good information about a company and its operating environment. Be open-minded about where you get information. Sure, a company's management and staff are an exceptional resource and should provide the majority of the insight that drives strategy. But there is tremendous benefit to listening to what customers have to say.

What Are the Benefits?

I was recently working with one company that manufactures equipment for mines. It was launching a product that incorporated a new technology into a traditional equipment design. The global mining industry was expecting this technology to be adopted at some point because it offers considerable advantages for employee health and safety. When we met with one mine's employees who would use the equipment, it became clear that this new product was designed in a way that reduced operating cost of the equipment by roughly 80%.

Gems of information like this provide the clay we can sculpt as we design a marketing strategy for a company. My client knew the equipment's operating costs would be lower, but did not realize the scope of cost reduction involved or the dramatic impact it would have on the mine's equipment operating budget. Personal conversations draw out valuable information. Strategic insights are the primary benefit of talking to customers.

What Information Can You Receive?

Discussions with customers often provide companies with a deep understanding of the psychology behind how their customers select a product or a company to buy from. Strategy can be designed around the factors that motivate people and the purchase process they follow when making a decision.

Most business owners know their industry well and understand emerging trends. However, it can be highly valuable to see the situation from the customer's point of view. For example, if there is a trend toward automation in the sales process, how do customers perceive the impact of such a change on their relationship with your company as a supplier? Are there considerations you should address when adjusting the sales process?

Another valuable piece of information often emerges when customers begin sharing their thoughts on what they don't like about the industry or how your specific company does business. In some situations, I have heard my clients' customers discuss points of frustration such as long lead times on shipments or a lack of customization options. Companies can often make small adjustments to their sales, production, or administration systems and processes to address these issues. Small changes can often be all that is required to win over a potential customer. In rare cases, insight from these points of frustration can even lead to developing an entirely new business model that may change how a company does business and help it stand out from competitors.



PERSONAL INTERVIEWS THAT ALLOW FOR DISCUSSION ARE EFFECTIVE AT DRAWING OUT THE ROOT NEEDS OF A CUSTOMER.

Finally, customers can provide highly valuable information on your company's reputation in the market. This reputation is your company's brand image. How do customers perceive your company relative to competitors? Do customers truly understand what makes your company unique in the marketplace? More importantly, do customers find that unique attribute valuable?

How Do You Collect the Information?

There are many ways to collect the information you need. Different methods of market research are appropriate in different situations. The following are some considerations before you get started.

You will have more success if you clearly identify what you need to find out before you begin. Focus on the information that you absolutely need to know in order to make strategic decisions.

Formal surveys certainly have their place, but when seeking deep insight I have found personal interviews to be highly valuable. Personal interviews that allow for discussion are far more effective at drawing out the root needs of a customer, as long as the person representing your company is skilled in managing the conversation. It is crucial to watch for cues in the customer's words, tone, and body language that may indicate you need to drill down deeper. It may be helpful to have an objective third party conduct the interview in order to ask difficult questions and draw out sensitive information that people naturally have difficulty sharing when they have an existing relationship with the person holding the interview.

As an example, just asking someone to rank whether your company has a positive reputation from 1 to 10 is not particularly useful. Ask, "What are we known for? What rumors have you heard about our company?" Then the follow-up discussion unfolds. A skilled interviewer will dig deep into the comment to understand the situation.

Focus groups are similar to personal interviews, but it can be difficult to manage risks such as groupthink. This is particularly true if one customer in the group dominates the conversation. Also, if your company sells to other businesses rather than consumers, in many situations your customers may not want to share sensitive information in a group situation if their competitors are also part of the focus group.

It is also important to understand the limitations of personal interviews. For example, it is usually practical to interview only a handful of customers, and we cannot expect this group to represent a statistically significant sample of the larger market. Therefore, the sample should not be random. The goal should be to carefully select specific people with perspectives that are directly relevant to the questions being asked.

We want to know how customers perceive our company relative to competitors but any one of our interview subjects will be able to speak only to his or her own personal experiences. However, if we choose a person with decades of industry experience at multiple companies we may find that this perspective is fairly well rounded. We should not assume that it represents the entire market, but rather that it represents an informed and experienced customer in our market. To complement this point of view, we may also select someone we know to be dissatisfied with our company and who can provide a valuable point of view on areas in which our company can improve.

The bottom line is that good strategic decisions require an understanding of the operating environment and your own company. Supplement your own knowledge with additional perspectives such as those of key employees, peers in your industry, and of course your customers.



Growth and Profitability

Banda Marketing Group Inc. was formed in 1997. The firm provides strategic marketing, sales management, and proposal management services to entrepreneurial companies. Over the past two decades, the firm has helped over 200 companies increase revenue and profit.

Periods of Change Build Value

Brent Banda most often works with business owners and their management teams who are launching new products, entering new markets or refocusing their current marketing plan. These periods of change build value in a company and drive profit.

Brent holds an MBA and has taught as assistant professor at St. Francis Xavier University in areas such as advertising, professional sales and marketing management.

Banda Marketing Group Inc. | 3-1124 8th Street East
Saskatoon, SK S7H 0S4 | Ph: (306) 343-6100

www.bandagroup.com

Copyright © 2018 Banda Marketing Group Inc. No part of this publication can be reproduced without the written permission of Banda Marketing Group Inc.

