

The High-Tech Marketing/Business Model Boot Camp (Part 1): Give Me That Thing Called Love

by Nilofer Merchant, CEO, Rubicon Consulting

The central character in a G.K. Chesterton novel finds it so important to maintain a solid and vibrant relationship with his wife that he continuously re-enacts their courtship.

Do your customers look at your products with the same eager anticipation as they once did? Have your customers stayed "married" to you? Would you consider them still in love—or waiting it out until someone better comes along?

If you're like most of the tech professionals we know, you can answer those questions, but only vaguely and sporadically. And if that's true, what's the likelihood that your customers absolutely, passionately want to continue with you as a vendor? Our experience with firms (including Symantec, Adobe, Logitech, and others) suggests that only when you know customer desires intimately can you fulfill them.

Market Research That's Not Enough

Gleaning information from occasional market research, fire drills on hot issues, anecdotes from the sales force, and complaints to the support line is all good. But it's the same as eating a diet of restaurant food nightly: probably not the best form of intake, because the spotty forms of customer input I've described give you only snippets and not a comprehensive view. It's like knowing how many people you've irritated. And while that's valuable, it is not the same as knowing how many people you've delighted. Doing market research once in a while doesn't give you the consistent flow of information on what is needed. What you need to lead a business is the critical view of what your customers want and desire.

Without customer insights, businesses squander vast amounts of time and money chasing after new ideas only to find that they've pursued the wrong idea, missed an important opportunity, or ignored a problem until it became too large to fight. Having seen some of our current clients find us *after* wasting years and millions of dollars, I would recommend you build a plan for knowing your customer and what makes them (or would make them) crazy in love with you. It's the cheapest thing to do, really. And time won't make it better.

Most companies settle for incomplete market information because, until recently, market research was too difficult and too expensive to conduct more than occasionally. But that's no longer true. Developments in online research technology have made it simple for every size company—from startups to global brands—to know exactly what their customers are thinking, in exquisite detail, updated as often as needed.

Insights acted on and engineered-in help create customer communities with boundless enthusiasm for your company and products. Ever try to take away someone's iPod? How about

substituting an off-brand for your son's favorite Nikes? Is there a substitute for Nathan's Famous? Not on your life! And why is that? Love, baby.

The New Market Research Process

Until recently, the process for conducting a market research project was ponderous. You had to select a vendor, go through several rounds of survey design, wait for the study to be completed, and then wait some more for the report to be written. The process took anywhere from six weeks to three months, and cost \$30,000 or more.

New survey-hosting companies make it possible to do much of this work online, and with much greater speed. Instead of hiring people to make phone calls, you invite your customers to come to a Web site and fill out the survey. You can design the survey itself online, give access to it immediately, and watch live updates of the results as they come in. Among the survey hosting companies are zapsurvey.com, keysurvey.com, surveymonkey.com, and websurveyor.com. There are others, so you should check carefully to make sure the company you choose can handle your needs. Look for a survey design tool that you're comfortable with and a good online FAQ, and make sure the company provides support if you have questions.

Using these new tools, you can run a survey with several thousand respondents for as low as a few hundred dollars. Total time is about two weeks from start to finish, and in an extreme situation we once ran a survey from start to finish in just five business days.

This incredible reduction in time and cost makes it possible to use research in ways most companies have never thought about. Even small companies can now conduct tracking studies, just like a U.S. Presidential campaign. Picture yourself receiving weekly updates on your customers' satisfaction and intent to repurchase. You can track the effect of a new direct mail campaign, or you can get an almost instant read on the effect of a competitor's new product announcement.

The online survey services are powerful but can't solve all your problems. Here are five important pointers to keep in mind:

1. **Track issues you can act on.** Most companies research traditional attitudes like brand awareness and intent to purchase. These are important, but often it's even more useful to probe on what problems and frustrations your customers have. User problems are opportunities for you to add value and increase loyalty.

Make yourself uncomfortable. Ask customers how they feel about your tech support, what complaints they have about the channel, and what features they dislike most in your products. Ask the same questions about your competitors, and look for places where you're behind. Ask yourself how the competition might be able to use those weaknesses, and head them off before they attack.

2. **Build your customer list.** To make an online survey work, you have to feed customers into it. That means you need a list of registered users and email addresses. You should be

keeping a registered customer list anyway for marketing purposes, but now you need to treat it as more than just a marketing tool. Many companies use the registered customer list as a way to fill up a sales shortfall when the quarter's coming in a little low—"quick, let's email out a promotion." But if you spam the list with promotions and advertising messages too often, the customers will start ignoring your emails. You need their cooperation to make a survey work!

The cost of failing to keep a good mailing list is pretty substantial. You can rent one from an online list management firm like eRewards, Greenfield, or Survey Sampling.

Depending on the type of people you're looking for, renting the list will cost you a minimum of about \$15,000 per survey, and the cost can go much higher. Renting a list also adds a week or more to the time needed to conduct a survey.

3. **Ask smart questions.** You need to select the right sample size, and you need to know how to write survey questions. Although you don't need a degree in statistics to do this, you should have a basic understanding of how surveys work and what not to do. For example, when asking customers to rate something on a one to whatever scale, you should always give an even number of choices (usually 1-4 or 1-6). If you give them an odd number of choices (1-5) too many people will pick the middle number just to avoid taking a position. It skews your results. Many sources exist to get basic training in surveying. Or you can hire time from a consultant who knows how to write surveys. If you want to track customer opinion over time, ask them to design a survey that you can re-use on your own. Designing smart questions means never having to find out later why you didn't win "love."
4. **Make it matter.** Surveying only matters if you use the information to draw insights and make good decisions. You don't need to collect data for its own sake, you need to win markets. So make sure you take the time to process the data, to seek insights, and to apply "so what" questions so you can drive better decisions that cause you to lead and win your market. A really fun exercise to do is to get your top executive team to tell you what "thing keeps them up at night" and see whether you can build that into your survey. If you now answer the questions that really matter to your e-staff, you'll be a real value to the team.
5. **Know your limits.** Online surveying works only for simple surveys of your installed base. For complex studies involving things like conjoint analysis (used for testing pricing on existing product lines, and feature tradeoffs), or for surveys measuring potential markets you haven't sold to in the past, you still need the help of a professional. Remember also that new markets typically need different research methods. For example, Rubicon focuses on qualitative in-depth interviews with analysts and leading-edge buyers to get input on early market directions. There's no way to automate that sort of research online. And you can often ask the questions that lead you to believe you are the answer. But for basic tracking movement of your installed base, the tools exist to do it yourself.

Starting now, there is no excuse for any company not knowing what's happening with its customers. And remember, if you don't track what your customers are thinking, chances are one of your competitors will. And then they'll come and "steal your love away." Don't let it happen.

The training and discipline we've just discussed include seeking out good customer insights, listening to those consistently, discernment to figure out when and ways to adjust strategies. Look at ways to increase those "muscles." Act today. Now drop and give me 20.

July, 2006