for a competitive confident and credible social economy

How to understand your customers' needs and expectations.

In this information sheet we use the term **customers** to refer to anyone who receives products or services, or in some way benefits from the organisation's activities. This might include service users, paying customers, beneficiaries, members, funders, the general public, or anybody who commissions your services or products.

This information sheet will help you to

A) improve the way you collect information from and about your customers.
B) use the information to plan future improvements to your products and services or other aspects of your organisation.

This information sheet is structured on the basis of a number of simple questions that will help you plan how to collect information from and about your customers.

1. Why collect information about customers?
2. What do you need to know?
3. What are you going to do with the results?
4. Who do you need to collect information from?
5. What information are you going to collect?
6. How are you going to collect information?
7. When are you going to collect information?
8. What types of information to collect?

The planning table in appendix one addresses the above questions and allows you to plan how you will gather information from and about your customers.

The customer profile sheet in appendix two will help you to build up more information about each of your key customers.

1. Why collect information from customers?

The main reason for collecting information from customers is to improve the quality of the service you provide to them.
In addition to improving the product or service itself, information can help you to; develop new products and services, improve delivery or promotion, or improve other elements of how the organisation is run.

Customer information can be used to help you develop new products and services, but this information sheet does not address other aspects of market research such as assessing new markets for your products and services.

The act of carrying out customer research can have other benefits, depending on the customer. It can engage your customers in your activities, and as a result of increased contact and communication, improve your relationship with your customers

By focusing on your customers needs and developing a culture of responsive customer service within the organisation, you can enhance customer loyalty and ensure that customers continue to come back. This ensures your survival as an organisation, whether your customers are paying themselves or a funder is meeting the cost of your service to them.

In addition to using information to improve the quality of your products and services, customer information can help you to report back to funders and to evaluate the impact and outcomes of your activities.

Lastly, information will help to monitor the health of the organisation. Information about customer numbers, turnover and satisfaction act as good indicators for the organisation's overall health.

2. What do you need to know?

It is important to begin with the end in mind. Information should result in improvements or a better relationship with your customers.

A common mistake with customer research is to collect information that appears to be interesting but does not have a clear purpose. It is important that you ask how each piece of information can result in improvements.

Another common mistake is to collect information that is difficult to analyse. You need to think about how you are going to analyse and use the information when deciding what you need to know.

As a guiding principle, your organisation should avoid wasting your staff and your customer’s time by collecting information that is not going to result in improvements.

Principles of customer research

1.Customer research should begin with the end in mind. Information collected needs to result in improvements or a better relationship with your customers.

2.Remember that you are doing the research primarily for the customer (i.e. to improve the quality of the service for the customer). Information can be used to report to the funder but improving the quality of the service is most important.

3.Research should feed into a customer service plan. It should be planned and regular.

4.Research should be forward looking, not retrospective.

5.Research should allow you to identify trends, cause and effect and set targets.

6.Your research should be actionable. It should either result in improvements, or in communication with clients.

7.Your customer time is precious - do not waste it.

8. Research should be planned as part of a wider performance improvement plan for the organisation.

3. What are you going to do with the results?

Once you have measured how satisfied your customers are, make use of the results to improve your organisation and the products and services you provide.

Information from and about customers should shape your products and services, and the way that you work to deliver them. Your results should drive your organisation to continuously improve.

Consider the following:

- Set up a system for ensuring that your customer results influence plans and strategies. Some information could be enshrined in a customer service plan, to set targets and strive to improve the quality of your customer service.

- Some of this information should be used as key performance indicators. These should be regularly monitored and reported to your board or senior management team to measure the overall success of the organisation.

- Set targets each year within your plans and strategies to work towards improving your customer results.

- Compare results from one consultation to the next so that you can measure trends over time.

- Review your performance to identify the cause and effect relationship between interventions and improvements in customer satisfaction. For example, can you establish whether the employment of a new café manager contributed to the increased satisfaction of customers in the cafe that your recent survey identified? Since you redecorated your premises, has feedback been more positive?

- Report back to customers, staff and other stakeholders. Even if there doesn’t seem to be much to report, many of your customers and other stakeholders will be pleased to see you making an effort. It can improve your customer service and your relationship with your customers.

Nightmare scenario, or opportunity

So, you've asked your customers for their views on your service and how you can improve. They have told you they want the impossible, for example, 24 hour opening for a community centre, or a faster community bus service in the morning.

How do you deal with this? You might think you should not have asked in the first place.

All feedback is useful because it opens a dialogue with your customers. This now gives you an opportunity to explain why things are as they are and what you are doing to improve the service. There is probably a good explanation why the service is as it is, for example buses take longer in rush hour because of the traffic.

Whilst the customer's needs are important and organisations should strive to improve the service as best as possible, the customer does not always understand the situation perfectly and so therefore 'the customer is (not) always right'. Opening a dialogue with your customers allows you to manage expectations.

This is why it is important to report back to your customers after a survey to explain what you are doing to improve some things and explain why other things are as they are.

4. Who are you going to collect information from?

Information can be collected from customers directly. It is also possible to monitor and collect information internally within the organisation. See section 6 for more details. In larger organisations customer-facing staff can provide a lot of information too. For now, we'll focus on customers.

It is likely that your organisation has many different customers. For example a community centre might provide different services for different members of the community, rent space to other organisations/public bodies and receive funds from a funding body to deliver a community project.

These customer groups can be profiled in different ways in addition to the way they use the service. This could be according to geography, age, gender, income, occupation, lifestyle traits, personality or behaviour.

It is worth thinking in more detail about the different ways that people use the same service. Think of different times of use, different payment arrangements, frequency of use etc.

Whilst you could get good information from surveying all customers together, it is also worth considering using a different approach for each customer group.

It is also worth considering how they will view the research. Have they got time and inclination to participate in research? Do they want to see that you have their interests at heart or do they not care? These kinds of considerations will help to ensure that your approach is the most appropriate possible.

The Profiling tool in appendix 1 will help you think more about this.

5. What information are you going to collect?

"Forty-two!" yelled Loonquawl, "Is that all you've got to show for seven and a half million years' work?" "I checked it very thoroughly," said the computer, "and that quite definitely is the answer. I think the problem, to be quite honest with you, is that you've never actually known what the question is."
(from the Hitch-Hikers Guide to the Galaxy by Douglas Adams)

The key to a good survey/questionnaire is to ask the right questions.

The 'right' questions should cover the facets, concerns and values of most importance to your customers.

Clearly identifying your different customer groups before you carry out the survey will help you select questions that are most relevant to each customer.

You could consider a pilot survey of a sample of customers to identify what about your organisation or service that is of most importance to them. Use this info to shape your full survey. This could simply ask respondents to rank the importance of a number of different dimensions (facets, concerns, values) of your organisation, product and services. This could be done by interviewing a handful of customers or in a focus group.

The following list provides a quick overview of some of the dimensions you might want to consider asking about.

Image - including first impressions, openness, reputation, positive values and physical appearance of premises and people

Products and services - are products and services up to scratch, well priced/good value, flexible enough, do they reflect the values of the organisation. How can they be improved? What new products and services do customers want?

Delivery - the way you deliver your products/services and care for your customers, are they provided in the right way or at the right time of day, does communication work well, is customer service sufficient, do staff and volunteers provide a good service?

Loyalty and attachment - the willingness of customers to continue using your organisation's products and services, and recommend the organisation and its products or services to others. These considerations are key to your organisation's sustainability.

> **Customer loyalty** and customer satisfaction are not the same. A customer may be happy with your service or product but may not necessarily be loyal because he/she can gain a similar quality of service from somewhere else. Customer loyalty is gained when customers are exceptionally satisfied and when they have an emotional attachment to an organisation. This attachment usually springs from the customer's experience of the people within an organisation.
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> Customers will be loyal when they think that an organisation's people are going out of their way to help them. This means that results need to be understood at a micro level and timely action should be taken in a way that customers notice that you are attentive to their needs.

Outcomes and impact –most organisations will evaluate the outcomes of their activities. This might be stipulated by your stakeholders, particularly those that fund you, or by your users, customers, or members. It is also good practice and helps you make sure that you are performing well and meeting your key performance aims and objectives. Within the Business Excellence Model, this information will be useful when measuring key performance results.

It is likely that your evaluation will benefit from information directly from your customers about the impacts and the benefits of the services/products you offer. For this reason, you might want to integrate your customer satisfaction survey and your impact evaluation of your organisation and service.

Internal Performance information

In addition to asking information directly from customers you can also gather information that is internal to the organisation will provide information about your customers. Information can include, sales figures, complaints figures, trends in new customers and customer retention. More information about this follows in section 6.

6. How are you going to ask?

There are two keys ways of collecting information about your customers

A. Request feedback directly from your customers
B. Monitor internal performance indicators that demonstrate either customer satisfaction or the quality of your customer service.

A. Direct feedback from customers

To request feedback directly from customers you could consider one or a combination of the following methods.

- Suggestion box/Comments book
- Questionnaires, could be conducted by post, face to face, phone, email or Internet
- Feedback/evaluation sheets
- Focus group
- Participative evaluation processes
- Interviews, phone or face to face, could be structured or unstructured
- Complaints procedure
- Interactive wall in an office community centre – providing information and inviting feedback

Some methods require a stronger involvement and commitment from your customers than others. It is worth asking yourself how much feedback your customers want to give. Will they feel empowered or burdened if asked for feedback?

B. Internal performance indicators

There is a wide range of indicators that you could choose to monitor that will either demonstrate customer satisfaction or the quality of your customer service. These could include the following.

- Numbers of customer complaints, numbers of these complaints resolved
- Sales figures
- Informal feedback given spontaneously throughout the year
- Accolades and awards
- Trends in new customers and customer retention

- Performance against targets for improving products and services, customer service and product/service delivery
- Customer requests for new products and services or improvements to the way the services are delivered
- How customers found out about you
- Referrals from partners
- Response times to enquiries from customers
- Surveying your staff to find out whether they think customers are satisfied or not. This information can be compared with the customer perception to identify the differences

7. When are you going to gather information?

It is possible to collect information at various points in time throughout your relationship with customers. Some methods and timescales require more commitment from customers than others so it is worth asking yourself what kind of involvement your customers want.

The following list suggests some of these different points in time. Consider using a combination of these together.

- When developing a new service, product or activity, make sure you consider customer's needs and opinions. This is a form of market research, and it has the benefit of improving your relationship with your customers.

- When you first meet your customers – consider asking a few questions about how they found out about your organisation and services, and why they came to you.

- At regular intervals – through a standard format survey or interview, this could be monthly, quarterly or annually.

- Continuously – comments books/suggestions box.

- On completion of a project or activity or the end of a specific service such as a training course or advice session– feedback questionnaires/exit interviews with clients or customers.

- Continuously monitoring internal internal performance indicators such as sales figures, new customers figures, customer retention etc.

8. What types of information to collect?

Quantitative data, data that gives *countable* facts and figures. This can include information about how many times people use a service and when they use it. It can also seek opinions by using closed questions to ask people to give a score against a series of statements. For example, 'how would you rate our customer service on a scale of 1 to 5, where one is poor and five is excellent?' These scores can then be quantified.

Quantitative data is easier to analyse from year to year.

Qualitative information, information that tells us what the stakeholders think about performance and about the impact of your organisation. This will mainly come in the form of statements of opinion from customers.

Qualitative information is very useful as it can provide detailed information about how to improve your services. For example, the question 'what improvements would you like to see to the building?' can elicit useful ideas for refurbishment.

The drawback with qualitative information is that it is difficult to analyse and compare from year to year.

Demographic and Geographic information, it is useful to gather details about the age, ethnicity, gender, any special needs of customers, where customers live etc. This kind of information helps to disaggregate your information and understand the views of different types of customers better.

Only ask for personal details if that is absolutely essential and make sure it is clear that such information can be anonymous and untraceable to the individual if they want it to be.

Further Information

See also; How to write a customer survey questionnaire

Appendices

1. **Customer research planning table**
2. **Customer profiling sheet**

Appendix 1.

Customer research planning table

What do you need to know	Customer - who do you need to ask	How are you going to use the information	How are you going to find out the information	When are you going to find out	Who is going to be responsible for finding out

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Customer profiling sheet

The following two sheets should help to identify your customers by type and then build up a detailed picture about them.

1. Who are your customers?

Product or Service	Customers

Divide up current product or service provision as percentage of work **carried out by the organisation**

Divide up customer groups as percentage of total **customers**

2. Customer Profile

Use this to consider more information about each of the customers identified above.

Type of customer: ……………………………………………………………………

Key characteristics; demographics, income, lifestyle:

Key issues that will impact on collecting feedback:

Key characteristics of how they buy/use the product or service

Key things you want to find out from them: