

What do customers want?

David and Sarah Kerridge

Summary

We must know what customers need. This applies both to the “end user” customers, who pay for product or service, and to internal customers within the same organisation. The obvious way to find out is to ask: conduct a survey. Properly designed surveys are an important tool of Market Research, but surveys do not always give reliable results, and some even do harm. Many surveys are carried out but the results never used. We give some of the reasons for these problems, and describe some of the ways to improve the situation.

Introduction

At a one-day seminar in 1989, Dr. Deming was answering questions from the audience. One was:

“How should we ask the customer what he wants?”

His reply was unexpected and thought-provoking.

“Customer? What does *he* know about it?”

This sounds surprising: after all, Dr. Deming teaches us to regard the customer as the most important part of the system. But he went on to give many examples which show that the customer rarely knows what he wants.

For example, before developing the first photo-copying machines, the Xerox Corporation paid for a large and expensive survey to estimate the market for office copiers. This market research said there would be no demand for them. As Dr. Deming says, everyone thought Firestone was mad to develop pneumatic tyres, when solid tyres were obviously more reliable. There are many similar examples: if you wait for customers to tell you what they want, you lose the customers.

The customer does not always know

In the Xerox example the customers were asked about something they had never seen. The demand did not exist until the service was provided. Is it any better when you ask about familiar things? Sometimes it is: if you ask *strictly factual questions*, such as which items have been purchased, or which services have been used, the replies may be less inaccurate. Even so, memory plays strange tricks. Customers seldom realise how many cigarettes they smoke. And people “upgrade” their answers: claiming, for example, to read The Times when they usually read a tabloid.

Market research firms have conducted experiments in which consumers put the packaging from every item they buy into a special bin, so that there is an accurate record of what they used. Another way to get information about what people *do* is based on the “loyalty cards” which are now so common with supermarkets and airlines. Every time you use one of these cards, the information about your purchase goes on to a central computer. The information on this computer would give a clear, fact-based picture of your spending pattern, if you always remembered to use the card.

The results of studies like this are very different from answers based on simply asking questions. Market research specialists have done a great many comparisons of this kind. Sometimes they find that there is a statistical relationship between what people say, and what they do. So they can adjust the results of a survey to estimate what they would have got if they had collected more reliable information. But this must be left to experts.

The sample must not be misleading

This does not mean that surveys are useless: but they are very difficult to do well. Quite apart from errors in reporting, you must take a good sample. It must represent customers as a whole. If you rely only on customers who take the trouble to fill in and return forms, the results will be biased. The ones who answer may be the most helpful, or the least busy, or even the ones who like complaining. What is worse, you learn nothing about the most important group, the customers you could have had, but failed to get.

It is a serious mistake to think that trying to study everyone (a 100% sample) gives more accurate results than taking a properly chosen sample, with much smaller numbers. Quite the reverse: with smaller numbers we usually get *more* accurate results, because we can check the responses more carefully, and use more accurate methods of studying each individual. Besides, you never *do* get everyone: and with large numbers you cannot afford to spend so much time chasing those who do not respond.

The questions must be carefully chosen

Some of the questions asked in surveys of this type are quite amazing. For example, after a transatlantic flight, we were asked to fill in a form containing questions like:

“Did the plane leave on time?”

“How many engines did the plane have?”

These are useful things to know, but why ask the passengers? Does the airline not know what their own planes are doing? Or are they trying to find out how much we notice? Perhaps both. It wastes time, and just annoys customers.

Annoyance is a serious problem. Fifty years ago surveys were rare, and people were flattered to be asked for their opinion. Now they are everywhere, and cause impatience or boredom rather than interest. This leads to far less accurate answers to the questions.

Beware of opinions

When you ask for opinions, like “**Would you prefer...?**” or “**Are you satisfied with...?**” there will be problems. Both experience and theory tell us that the answers rarely mean very much. Or at least, they can seldom be taken at face value. To take an extreme case, suppose that you want to know what your own staff, as internal customers, feel about their conditions of work. You could design a survey, with questions such as:

Are you paid: **A) too little** **B) too much** **C) enough**

Do you work: **A) not enough** **B) too hard** **C) just right**

The answers are so predictable that they tell you nothing.

You might think no one would ask such silly questions, but we see some nearly as bad. One questionnaire asked, in a roundabout way, if customers would prefer lower prices. Perhaps the aim was to find out whether worse service would be acceptable if the price was lower. But why ask? The answers will not be reliable: and the Deming Philosophy will reduce costs and give better service.

What customers think is very important, because it determines what they do. But what people really think and what they say are two different things. The best rule is always “Observe the customer using the product or service”. It is far safer to predict behaviour in the future from observed behaviour in the past, rather than opinions.

One Japanese company sent a team of engineers to live in California for a year. They were told to live exactly as if they were Americans. Then they went back, and designed a car that suited that way of living. The large number of Japanese cars on the streets of the USA is witness to the success of this kind of careful planning. Another company bought hundreds of small European cars from scrap yards. They took them to pieces, and found out what had worn out, and what had broken. This was their way of seeing how the cars had been used in practice.

Surveys may do harm

The concealed purpose of many customer surveys is to check up on staff. In some cases the size of bonuses for managers or all the staff depend on the “customer satisfaction” scores.

When employees see that you are asking customers to report on them to management, this will destroy the trust and pride of workmanship that you must strive to create. And these questions tell customers that you do not trust your own staff, or the managers who are supposed to supervise them. If that is really true, keep quiet about it.

What is more, by asking about the failures of your organisation, you make customers notice them. It is easy to create dissatisfaction. As an exercise, delegates attending a seminar were asked to grade the facilities of the hotel in which they were staying. The result of this was that everyone started noticing things that could have been better, when they had been quite pleased before.

Another misuse of a survey is as a public relations exercise. A company once asked for help with the design and analysis of a survey. But there did not seem much sense to the questions that they wanted to ask: there were easier ways to find all those things out. After a lot of questions, the company admitted that the sole reason for doing the survey was to present a “caring image”. They had no intention whatever of using the results: and were very surprised that we would not cooperate in misusing statistics in this way.

In another case, hotel staff admitted that the “customer satisfaction” forms were largely ignored: but they allowed customers to express their irritation harmlessly. Another common deception is the “Market Research Survey” which is really a sales campaign.

In all these cases there is an attempt to fool the customers. Even if we ignore the ethics involved, it does great harm to the organisation. It encourages your staff to think of customers as people to be tricked, not served. This makes sure that quality will not improve. Deception may work in the short run. But customers will see through this sort of trickery eventually. They will not be pleased.

Why do you want to know?

This does not mean that customer surveys will never do any good. If there is something that irritates a large number of customers, you should find out fairly quickly. On the other hand, a really good survey is expensive and can not be hurried. It makes sense to see whether there are other ways to get the same information. To do this we must ask some searching questions before we start.

The first question is not *what* do we want to know, but *why* do we want to know. Ask **“What action will we take when we have the information?”**

This makes all the difference. For example, if the action which will result is to *try* something, using the PDSA cycle, we do not need to get the “right” answer. All we need is an interesting suggestion, which we can try out without great risk or cost. It should also be one that, whether it succeeds or fails, will help us understand our business better. A simple “Tick one of these boxes” survey can only deal with possibilities you have thought of before you design the study. It cannot easily suggest radically new ideas.

If, on the other hand, management faces a decision that they must get right, because they may face huge losses, or might miss a great opportunity, the situation is quite different. The action should not depend just on the results of a survey, but on all the knowledge and thought that the organisation can muster. But there are few examples like this.

Managers often say they need the answer to “How are we doing?”. Even if we can get a reliable answer, what difference does it make? The action should be the same either way. There is a real danger that if the survey appears to show that the organisation is doing well, the result will be complacency, while if it appears to show the opposite, the result will be tampering. Such overall impressions are no guide to *what* should be done.

We should concentrate on improving the whole system, and every process within it. Provided these processes contribute to the aim of the system, the overall outcomes will take care of themselves.

We should measure, where we can, to see if processes really are improving. This is part of the Deming Cycle (or PDSA Cycle). But for this purpose we want measures that directly reflect the outcome of a particular process, not measures of the overall success of the whole system. Overall success is affected by far too many things, and the effects of a particular change take too long to show in the results. This means that it is rarely possible to use surveys repeatedly, as part of the PDSA cycle.

Setting Priorities

Another reason for gathering information might be to decide which are the most urgent priorities for improvement. This sounds sensible at first: but when we understand the Deming Philosophy, we find that the System of Profound Knowledge sets priorities for us.

Of course, if something is badly wrong, it must be put right quickly. But if really quick action is vital, a survey is not much use. Surveys, if they are to be done well, take time in planning and analysis. So they are not a good way to guide emergency action.

The first improvements to make, apart from such emergency action, are those which most benefit the system as a whole, such as the application of the 14 Points. These improve everything, including customer satisfaction. They also create the kind of organisation in which the staff will know how to recognise things that are wrong, and know that management will listen.

Identifying Trends

A good reason for wanting information is to identify long term trends, such as changes in customer behaviour, that affect planning for the future. For example, an airline must keep an eye on the balance between business and holiday traffic, or scheduled as against charter flights. For this purpose information must be collected in the same way, on a regular basis. It is never easy to make sure that questions are repeatedly asked in the same way, and to comparable samples. It requires the strict use of Operational Definitions.

Analysis of customer complaints by type can be useful, but total numbers can be misleading. A rise in the number often simply means that complaints are being dealt with more sympathetically. Something like this affects crime figures. The more effective the police force, the more crimes are reported.

Information about *potential* customers or markets usually must come from surveys. Information about existing customers can often be gained more cheaply and conveniently from sales or other records. Records will only be useful if they are very well kept, but excellence of records should be taken for granted in a quality organisation. In fact, if record-keeping is improved enough to make surveys less necessary, there will be many other benefits.

Monitoring improvement

Of course we must satisfy customers. This just means that there are no complaints. But a policy based on avoiding complaints is far too negative. A satisfied customer may be just as satisfied somewhere else.

We should continually think of ways to increase the benefit to customers, not just satisfy obvious needs. Delighted customers, who get more than expected, not only keep coming back, but bring friends along as well. This is a good form of advertising, and one that you do not have to pay for.

The way to delight customers is innovation, together with continual improvement of every process. **Study every process which contributes to the final result**, and not just the processes directly visible to the customer. “Concentrate on process rather than outcome.”

Direct measures of customer satisfaction, even if we can find them, are not very helpful for making improvements. They are affected by too many other things. They are affected by the expectations you raise in your advertising, for example. Customers can rarely tell you accurately enough why they are dissatisfied. They just switch to a different supplier.

There is another problem. A really good survey may take months to plan, carry out and analyse. When we focus on processes, rather than overall results, it is easier to decide what information to collect. It should directly reflect im-

provement in the process. Mistakes in invoices, the time a hospital patient has to wait, or the rates of staff turnover and absenteeism, are valuable in answering specific questions, and not difficult to study. And results come quickly.

Ideas for innovation

Successful innovation depends on knowing *more* about the needs and behaviour of customers than customers do themselves. This means a depth of insight into customers that is hard to get from a questionnaire, though surveys may be part of the study. Focus groups - a standard market research technique - may be more helpful. But the best source of information for this purpose is usually your own staff.

Before designing surveys, make sure that everyone in the organisation is looking for new ideas. In service industries the providers of the service usually have direct contact with customers: far more than the managers. They are the first to know how customers respond. Managers are more likely to learn by being customers themselves. Everyone uses services. Managers of an airline have to travel: they should sometimes fly economy class, or with a competitor.

Completely new ideas are best tried out on a small scale, to observe how customers react. This is sometimes called test marketing. In service industries it is fairly easy to do this. It is harder in most forms of manufacturing, where the small scale is very expensive.

Break down barriers

In most organisations, staff already know of ways in which goods or services could be improved. Usually, unless the Deming Philosophy has taken a firm hold, they do nothing about it. There are many reasons for this, all of which spring from neglect of basic principles like the 14 points. Here are a few:

- 1) **Lack of communication between departments, or different levels.**
- 2) **Belief that managers will take no notice.**

- 3) **Fear that managers will treat suggestions as criticism.**
- 4) **Fear that improvements in efficiency will lead to more work, without increased reward, or alternatively less work, leading to redundancies.**

.....and so on. All of these are based on experience. Until you know what to look for, you are unlikely to see them. Or perhaps, until you know that such problems *can* be removed, you accept them as inevitable.

Such barriers always exist, until transformation is far advanced. The process of finding and destroying them is a potent means of improvement. Just saying that suggestions from the work-force are welcome is not enough. The members of the organisation must know from experience that any suggestion made will be taken seriously by the management, and either acted on promptly, or the reasons why not fully explained.

The PDSA cycle plays an important part in breaking down barriers to new ideas. Once the idea of *acting on evidence rather than opinion* is widely accepted, it is much safer to put forward ideas. Even if they are mistaken, there is no fear that they will be acted on in a way that causes harm.

Learn from experience

If your organisation has done surveys in the past, study the results, and the way they were used. What *actions* resulted from the previous surveys? If the results were not used, why was this? In a great many cases survey results are simply filed and ignored.

It may be too late to learn much from the previous survey, but if so, make sure that the new survey is not wasted. Use the PDSA cycle as a model. If a survey gives useful information, this means that it enables you to predict the result of future actions. How accurate are these predictions? Keep records of the predictions based on the survey, and compare them with what really happens.

Conclusion

Surveys can be useful: in many cases essential. But never commission a survey without careful thought. The statistician, and the managers who will act on the results must work together as a team. Before you start, ask several questions:

- 1) **Could we get the information we need from existing records?**
- 2) **If the records are not accurate enough, can we improve them?**
- 3) **Do our own staff already know the answers?**
- 4) **If so, have we ignored what they tell us, are they afraid to tell us, or have we not asked them? Do we not trust them?**
- 5) **If they ought to know the answers, but do not, why is this?**
- 6) **Would a survey give reliable enough answers?**
- 7) **How successful were previous surveys?**
- 8) **If previous survey results were not used, was this because the wrong questions were asked, or because managers did not know how to use the information?**

If a survey is the best way to get what you need, make sure that it is designed and executed on sound statistical principles. Good surveys are expensive, and expert help will be needed. In the right place, and correctly carried out, the survey is an important tool of continual improvement. A bad survey is worse than none at all. It will give false information, and lead to expensive mistakes.

For more information read:

Chapter 6 of Out of the Crisis, "Quality and the Consumer".
W Edwards Deming "Sample Design in Business Research", Wiley, 1960