

## Connecting the Dots

Companies often first contact AMS to execute a Voice of the Customer (VOC) study to help them better comprehend their customers' wants and needs. Yet VOC is not the whole story. Product managers must plan for what happens *after* the results of VOC have come in, or, undoubtedly, they will not get the most value out of their VOC study.

Most are familiar with the classic “funnel” metaphor that describes the development of new products, services or business processes as a series of step-by-step activities, many of which require both direct customer input and the active involvement of team members. While Voice of the Customer is the surest foundation for these processes, most of these activities are interconnected and interdependent, and therefore are best carried out in a specific order. Common steps for “connecting the dots” in a product development process include:

- **Quality Function Deployment.** Few know that VOC was originally developed as the critical input for Quality Function Deployment (QFD). VOC completes the front end to the House of Quality, placing customer needs on the left-hand side of the matrix, and the importance and satisfaction data in the planning matrix on the right-hand side. QFD is still widely accepted as the most rigorous and data-driven method to translate customer needs into measurable technical specifications.
- **Brainstorming and Ideation.** Once customer needs have been identified, teams must devise new ways to best meet them. Traditionally, a brainstorming meeting was the standard approach to idea generation, but recent academic research shows that moving the brainstorming process to the web and instituting an individualized incentive system can dramatically improve results – yielding better ideas and more of them.<sup>1</sup> This research forms the basis for AMS' IDEALYST® ideation system. The ideas generated can then be used as the raw material for concept development.

- **Concept Evaluation.** Having translated the Voice of the Customer into new product concepts, the team must then screen and evaluate the concepts to measure customers' reactions. AMS has recently been experimenting with a mix of direct and indirect questioning methods, in which customers are asked not just for their own evaluations, but for what they believe the general market's reaction will be. Research shows that these new techniques are a kind of “truth serum” that improves upon traditional methods and yields more honest answers.<sup>2</sup>
- **Conjoint Analysis.** Conjoint analysis is widely considered to be the best way to understand how customers trade off different, and sometimes conflicting, product features. However, it has only been limited to a handful of product attributes that can be tested simultaneously without overwhelming the respondent. A recent innovation developed at the MIT Sloan School, called FastPACE, shortens this process considerably by separating the features into “compensatory” and “non-compensatory” variables.<sup>3</sup> This approach is now being offered by AMS, and continues to show great promise.
- **Metrics.** Finally, companies must establish a set of go-to-market metrics to track the product launch stage and evaluate the impact of any last-minute product changes. These metrics should always include measures of customer satisfaction for the needs identified in the VOC, as well as measurements of the technical design specifications as determined in the House of Quality matrix, to verify that the new product is “hitting the mark” as intended.

Successful new product development entails a series of interconnected activities, many of which rely on sophisticated uses of marketing science. In our experience, companies who can combine these steps into one fluid process can most successfully move their products through the funnel and achieve marketplace success.

— Gerry Katz

<sup>1</sup>Toubia, Olivier, “Idea Generation, Creativity, and Incentives,” *Marketing Science*, Vol. 25, No. 5, Sept.-Oct. 2006.

<sup>2</sup>Prelec, Drazen, “A Bayesian Truth Serum for Subjective Data,” *Science*, Vol. 306, Oct. 2004.

<sup>3</sup>Toubia, Olivier, Hauser, John, and Simester, Duncan, “Polyhedral Methods for Adaptive Choice-Based Conjoint Analysis,” *Journal of Marketing Research* (forthcoming).

# The ABCs of E-Research

To say that the Internet has “changed everything” has become a tired cliché, but the truth remains. Voice of the Customer, like other more general forms of market research, has been greatly improved by web-based data collection techniques that are just as innovative as the VOC process itself. Given the growing number of customers, and increasing advances in reaching them, the quantitative elements of the Voice of the Customer can often be collected more easily and in less time than previously possible.

As in many industries, the Internet has been a net gain for market researchers. From the advent of survey research in the 1950s, survey data collection methods have steadily advanced from door-to-door to mail to telephone to the Internet. The benefits of this migration are real and substantial, and merit a closer look by anyone embarking on a VOC project.

Easier recruitment is perhaps the biggest advantage of online research. The industry has given rise to a wide assortment of e-panels – large groups of people who willingly “opt in” to participate in market research in exchange for cash and other rewards. This has opened a new channel of customers willing and able to participate in online research, reducing the cost and difficulty of reaching low-incidence customers. E-panels have advanced beyond “run-of-the-mill” consumers, and now include highly specific groups like clinical specialists, people with chronic ailments, or even those with unusual hobbies and interests. Before e-research, reaching these individuals was quite time-consuming and expensive. Now, for any special-interest group a client wishes to pursue, there is likely to be an e-panel available or in development.

Data collection is also much easier with online research. Compared to other methods, e-research can offer faster completion times and more accurate and immediate

coding of data. Moreover, online research is easy to monitor and analyze while it is being collected, meaning that midstream changes are easier to implement and that results come in sooner.

E-research also allows targeting of customers from across the globe, making international research more feasible than ever before. As in the U.S., web panels can pre-select international respondents based on characteristics already on file with their panel, making the recruitment process far more targeted. Recruitment that might once have taken weeks can now be shortened to a few days.

Despite its strengths, however, collecting quantitative data online is not appropriate for all VOC studies. Obviously, respondents must be web users to participate in online research. Though the number of seniors online is increasing, e-research among the elderly may not be feasible in all situations. Also, some countries significantly lag behind the U.S. in both PC ownership and the development of e-panels. According to a number of sources, PC ownership in China is still below 3% and remains confined to younger, highly-educated professionals. If your target market is outside that narrow slice of the population, traditional data collection methods might make more sense, and in many developing markets, may also be more cost-effective.

Ultimately, whichever method of data collection you choose, it should be made on a project-by-project basis. In our experience, each VOC project is unique – with different objectives, timelines, budgets, and target customers. Yet there is no question that the emergence of e-research has increased the number of options available in order to “hear the voice.”

— *Kristen Bertolino*

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