

# Listening to the Voice of the Customer

*Presented by*

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## Listening to the Voice of the Customer

I was in Costco a little while ago to return a telephone I had bought. It was a Saturday afternoon, and the queue at the returns counter was lengthy. The longer we waited, the more impatient the customers became and increasingly, they took out their frustrations on the returns clerk, a young woman in her early twenties. In fact, the customer in front of me was downright rude, bordering on abusive, with his opinions of the store, its merchandise and customer service in general.

When I reached the counter, the clerk was scowling and I could see that every muscle in her neck and face was tense; her hands were like the talons on a bird of prey, ready to strike. I smiled at her and said, “You have been doing a magnificent job. While I’ve been here in the queue, I’ve seen you handle customer after customer, complaint after complaint, and you’ve managed to keep your cool and deal with them appropriately — even the rude ones. I must commend you. I could never do as good a job as you.”

I could see the tension melt from her face and neck and hands. She burst out into a big smile and positively glowed. I’m sure she made it through the rest of her shift feeling just great.

Now I ask you, had she been able to listen to the voices of the previous customers, or would she have just shut them out as a defensive mechanism? Did she listen to my voice? Had I offered her a suggestion on how to speed things up at the returns desk, do you think she would have listened? Well, in fact, I did... and she did. In a nutshell, this story sums up almost all the salient issues surrounding ‘Listening to the Voice of the Customer’. However, if what you heard was, “say something nice before you give the bad news,” you may have missed a point or two.

The first part of listening is hearing; hearing the customer necessitates the customer speaking. So our first consideration is, “how do we get our customers to speak to us?” To those who work in Customer Service — in call or “contact” centres, or on the returns desk — there seems to be no end of customers more than willing to speak their minds. But, let’s leave the negative for a moment and, as the old song goes, let’s “accentuate the positive”.

Why is it that people generally seem to have a hard time getting around to praising good service? I think there are two prime reasons: First, we in business systematically make it difficult, inconvenient — and sometimes downright impossible — for the customer to give us meaningful praise. Second, there is no perception on the customer’s part of an equitable, mutual exchange of value. I will leave you to toss that one around in your minds for a moment, while I pose this question: How far will a customer go when it is inconvenient to offer praise or constructive criticism?

I was once on an Air Canada flight from here to Vancouver — this was before Robert Milton. I always request a special meal on flights, but that day, for some reason, they did not board one. At meal time, naturally, there was no special meal, and I could eat neither the chicken nor the beef that were offered. A flight attendant came back to where I was sitting and, upon discovering my predicament, asked if I ate fish. It seems that first class was having

grilled tuna and there was an extra meal available. As it turns out, I do eat fish and quite enjoyed the lunch. I wanted to make sure that little “above and beyond the call of duty” episode was duly noted, so I asked the flight attendant to whom I should write in order to praise her efforts in a meaningful way.

She had to look up the address of flight crew operations, and the proper individual to whom to write. When I got to my destination — after collecting my bags, catching a cab and checking into the hotel — I fired up my computer and wrote the letter. After I got home a few days later, I remembered to print the letter and an envelope, I went to the post office, bought stamps and mailed it, hoping, of course, that it would find its way into the flight attendant’s personnel file. Naturally, I received no explicit acknowledgement of the letter’s receipt. I tend to go to greater lengths than most to offer praise appropriately.

If I had not thought to ask the flight attendant where I should mail the letter to have the desired effect, I would have had the additional inconvenience of chasing down the address, which undoubtedly would have been wrong for my intention. Now I ask you, would you not think that an airline would relish receiving letters of praise from its passengers? Why, then, do they make it so darned difficult for us to speak to them?

Now I mentioned ‘mutual exchange of value’ a moment ago. When a customer is providing something positive — praise or constructive suggestions — the customer knows that he or she is offering something of value. My praise is valuable. Your suggestion is valuable. There is an implicit expectation in any value-based transaction that there be an equitable mutual exchange of value. And, the more inconvenient the company makes it for me to provide my positive and constructive opinions, the greater the perception of value becomes in my eyes, because, my time has value as well! And what did I get from Air Canada for all my value? Not even an acknowledgement letter!

Well, what did I really expect? But part of the problem is that businesses don’t often know what customers expect — and it’s frequently not what you’d think. Our company did the technical operations processing for a customer phone-in satisfaction survey on behalf of a drug store chain. This chain offers ‘loyalty points’ for purchases the way that many retailers — and airlines — do. At the inception of the program, we thought that it would be necessary to award loyalty points to customers who responded to the survey. But in fact, it was not. When we opened up the phone lines and began to invite customers, we found that the response was exactly double the response objectives of the program. Why? Two simple reasons: First, we made it ridiculously easy for the customers to respond at their leisure, whenever and from wherever they wanted, by telephone into an automated system. But what about the value? The value that the chain gave was its almost immediate responsiveness to specific comments and suggestions that were made for specific stores. For instance, one of the callers to one store noted that the aspirin was on too high a shelf for her — she was short, and her arthritis prevented her from reaching up. The very next day, the aspirin was relocated to a lower shelf. That’s value.

So, if you want to hear more good news from your customers, (1) make it convenient, and (2) pay back the value with interest — active interest in your customer’s advice.

Now, what about the bad news? There may be some of you who would say that your customers have no problem with providing you as much as you want to hear about what’s

wrong. But, I've got some bad news for you — you're wrong. I've seen various statistics on this, but typically for every customer complaint you actually receive in the normal course of business, there are between 5 and 10 dissatisfied customers from whom you will never hear — again! Ever. Lost. Why is that? As it turns out, there is a psychological “complaint barrier” to which we have all been socialised. You see, very few of us like to deliver bad news, because very few of us like to receive bad news. So there is a minimum threshold of anger required on the part of the customer to overcome the psychological barrier to even be motivated to complain. And then, of course, it is still inconvenient...

So, when a customer complaint actually gets through, it is bad news indeed! And if you are receiving a sufficiently high number of complaints that your Customer Service staff are beginning to look like they have returned from a war zone, you have serious problems.

How do you mitigate this? It's the same answer as before. Make it convenient for the negative messages to come through. This, of course, has the reciprocal effect of making it easier for constructive messages to come through as well. It is the constructive messages that provide both a pressure release valve for customers, and an early warning system for the company: You see, convenience sets a lower complaint barrier. The company, returning value to the customers by responding to their advice, fixing problems and thereby mitigating the negative.

Aside from the customer service function and the contact centre, there are other 'hearing' mechanisms that companies often use. Most companies will, in fact, poll their customers every so often with a survey, usually a “satisfaction survey”. How many people here today represent companies that use some sort of formal satisfaction survey? <acknowledge response> OK, let's do a sample satisfaction survey right now. With regard to the luncheon meal we just had, by a show of hands, how many people were Very Satisfied with the meal? Somewhat Satisfied? Somewhat Dissatisfied? Very Dissatisfied? By my non-scientific measure, it looks like the Delta Chelsea catering staff did quite a good job — by far and away, the vast majority of people here were satisfied or very satisfied. Congratulations!

Now, to the catering manager, I ask, what the heck can you do with that information? Can you tell where you need to tweak a bit to improve your rating? Do you have any idea what 'satisfaction' means to me as opposed to the other hundred or so people in the room? What I can tell you with complete assurance, is that everyone's reason to be satisfied with this particular meal will be unique.

“Did we meet your expectations?” That — or a similar question — is another one commonly used in surveys — in fact, all the examples I'm using are from actual customer satisfaction surveys. My expectation is different from hers — in a retail operation, for instance, sometimes my only expectation is that I'm served before the store closes! “Was our greeter courteous and friendly?” Well, survey says, 'yes' — that's good, but I find “greeters” quite a nuisance, thank you — that's bad, and in surveys that information is not usually captured. I could go on with similar 'expectations' questions, but surveys all have one common flaw: They are designed along the lines of, “tell us what WE want to know,” and not, “tell us what YOU want to tell us, what you think we ought to know.”

The difference between 'what we want to know' and 'what you want to tell us' is the difference between CONception and PERception. When we conceive of something, it is

based on what we know or what we know about. We may want to confirm or deny some notion we have about our business. We may want to determine if recent changes have been noticed and what sort of impact they had. There is much within our domain of knowledge that are useful avenues of inquiry. However, listening to the voice of the customer is an issue of perception, that is, using all our senses to observe and gain new awareness. It has much to do with the question, How do we know what it is that we don't know? Our customers are often the only ones who can accurately perceive issues with our business that are, for the present, beyond our conception, simply because we haven't known where or how to look or listen or feel.

You see, with conception, we will pose questions to our customers that we dream up. They may answer the questions we pose, but how do we know that we have asked the right questions in the first place? In many instances, we ask the questions to which we want a particular answer, or already know the answers in much the same way that a lawyer asks questions in court: We appear to be soliciting the customer's views, but in reality, we are seeking to reinforce our preconceived notions and obtain reassurance that we are doing a good job. How can we be so sure that we will get the 'right' answers to accomplish this? Well, unless we are in big trouble — for which we don't exactly need a survey to tell — remember that most people are reluctant to deliver bad news.

Take, for example, the last Ontario Hospital "Report Card". The survey that provided the data for the report card had lots of the "were you satisfied" type questions. Well, according to one hospital administrator with whom I discussed the results, all the Toronto hospitals came within plus or minus one-half of one percentage point of each other, around 87.5% or so, if I recall correctly. There were only two exceptions: one really good — Sick Kids — and the other really bad — Nameless Regional Health Centre. 87.5% That's an "A" rating — first class honours. Not bad, considering all the problems with Emergency Room overcrowding, ambulances being turned away, lack of beds, shortage of nurses, insufficient post-discharge care — you all know the issues as well as I. Are we all satisfied with our hospitals? Apparently so. Did they meet our expectations? The last time I was in the hospital, my only expectation was that I come out alive — everything after that was a bonus. But was the survey at all useful to the hospitals? According to that administrator with whom I spoke, absolutely not.

The survey is instructive for what it did not ask. Like, "Please tell us what you think is important for us to know about our hospital." In fact, almost no surveys ask that question. What we are left with is a satisfaction survey with which we are satisfied. Our questions have been answered. Our customers have responded that they are satisfied. All is right with the world as we conceive it. Unfortunately, we have little clue about the world as we should perceive it. We have not listened to our customers' voices, in fact, we haven't even appropriately asked them to speak to us. As an afterthought we may included a question like, "Is there anything else you'd like to tell us?" But it invariably comes at the end of the survey, when what the customer really wants to tell us is, "I've had enough of this survey!" I have yet to see a survey that starts with, "Tell us what you think is important for us to know about."

That is a crucial question for a business. When there is a difference between what we want to know — our conception of the business — and what our customers think is

important to tell us, it means that we are not aware of the real effects our business is having on our customers.

There's a cute story about a man who, during wartime, would come to the country's border with a wheelbarrow full of dirt. The border guard looked at the man's papers and all was in order for him to cross. But the guard was certain the man was smuggling some sort of contraband in the wheelbarrow. So the guard took a shovel, poked around in the dirt, but found nothing. The man was allowed to cross.

The next week, the man once again comes to the border with a wheelbarrow full of dirt. Again, the border guard found that the papers were in order and dug through the dirt, but still found nothing. And again, the man was allowed to cross. Week after week, it was the same story: Man approaches the border with wheelbarrow full of dirt. Guard finds nothing of interest and the man crosses. At the end of the war, the guard sees the man and asks him: "Look, I know you were smuggling something across the border, but I could never find a thing hidden in the dirt. What were you smuggling all those years?" The man answered: "Wheelbarrows."

The border guard was unable to perceive what had been right there under his nose for years, simply because it did not match his conception. In the same way, what we conceive about our businesses is not sufficient to fully understand what is actually happening in and around our businesses. Consequently, we do not realise the effects we are having — both good and bad. That's what being effective in business is all about: Ensuring that we have the desired effects on our customers. We must rely on asking our customers appropriately, and then carefully listening to what they have to tell us, in order for us to have the right perception, and to judge our "effect-iveness" — and then things become as obvious as a wheelbarrow full of dirt. I'll return to this idea of focusing on effects in a couple of minutes. But first, I'd like to mention a tried and true mechanism that many companies use to listen to their customers, particularly when it comes to new endeavours: The focus group.

Focus groups are used to gauge the reactions and opinions of potential customers to new product ideas, advertising campaigns, marketing strategies or even issues of the day. Companies that use them to test consumer response believe that they have accurately sampled the market and use the results as justification for their marketing decisions. But quite often, actual market experience differs considerably from the expectations set on the basis of focus group research. One notable example of this was the Pontiac Aztek, an oddly designed vehicle introduced by General Motors. In appearance, it could be described as the love child of a ménage à trois among a minivan, a sedan and a sports utility vehicle. Although the automobile manufacturer extensively focus group tested the vehicle, it met with a lukewarm response at the showroom, necessitating hefty purchase incentives. General Motors even went so far as to feature the vehicle as a bonus giveaway to one of the contestants on the popular television show, *Survivor*, attempting to attract the attention of its target market.

There are numerous reasons why focus groups do not often accomplish their intended objective. Many point to a well-known phenomenon of group dynamics: Within any random group of people, a natural leader always emerges who will sway the opinions of most other group members. But even this opinion leader's views are tainted by the artificial environment that the focus group creates. People are asked to imagine shopping or viewing a commercial in their living room or think about using a new service while sitting around a large

boardroom-style table with strangers in the presence of microphones, video recorders and a one-way mirror. Often the advertisements to which the participants are asked to respond are crude mock-ups or mere sketches. But even if a television advertisement is complete and “ready for prime time”, focus group members still must fill in the rest of their normal television viewing environment. Focus groups also possess an unnaturally inclusive characteristic. Extroverts frequently self-select for participation by seeking recruitment; those introverts who happen to find themselves in a focus group are drawn out to uncomfortably express opinions in front of strangers — often agreeing with the majority regardless of whether they actually believe them.

Further, focus groups naturally encourage analytic thinking — facilitators ask *why* an individual likes or dislikes some aspect of the focus item, or how it could be improved. Often, group members are asked to choose among several ideas or concepts. But isn't this asking potential customers to tell us what they think we should know? Well, it is, but only to a limited extent. Focus groups allow market researchers to measure how people would like to think they will behave when exposed to a particular marketing approach, but not how they will actually react and behave. In that sense, researchers obtain very little information about what effect our business' plans will actually have on prospective customers.

Does anyone get the ‘focus group game’ right? A company that goes by the public moniker of Television Previews comes close. People are invited to what purports to be an evening of watching and evaluating pilot episodes of proposed new television shows. Two half-hour situation comedies are shown. After each, the audience completes a short questionnaire about the program. As an incentive for participating, two “gift packs” of useful household products are raffled, that may include such things as laundry detergent, paper towels, breakfast cereal, juice, plastic wrap and so forth. Prior to each raffle, audience members are asked to select their choices for the gift pack from various categories of items.

Hundreds of people are assembled in a large hotel ballroom for the previews. At the front of the room, multiple television sets provide a close-to-living-room viewing perspective for each participant. A host explains the agenda for the evening: The shows, the questionnaires, the gift selections, the raffles. He also explains that to closely replicate the real in-home viewing experience, the programs will be shown complete with commercials at the appropriate times.

In reality, the programs are pilot episodes for shows that were never purchased by networks, or episodes of series that were never broadcast in the particular region. This minor ruse ensures that there is little likelihood of a participant having actually seen the program. However, the advertisements are all current — and the true subjects of the test. The gift selection process prior to the first raffle establishes a baseline consumer opinion. The subsequent gift selection measures the change in response caused by watching the advertisements in the context of the situation comedy. This is the focus group à la media guru Marshall McLuhan: Buying intentions that are expressed from within a hidden context more accurately reflect the actions of real consumers, as opposed to those of reasoned, dispassionate, discussion-oriented focus groups.

We have discussed two intertwined aspects of listening so far — the actual act of hearing, and understanding the nature of what our customers are saying to us. But actively listening to our customers' voices involves one more critical component: Appropriately reacting to what they say.

Let's say we have a wonderful customer satisfaction survey. How shall we use it? Many companies, interestingly enough, use it as a weapon with which to threaten, intimidate, browbeat or scapegoat their staff. There are many ways in which this works. For example, it was the tradition in several major technology companies for the annual customer satisfaction survey results to be used as a factor in calculating senior manager and executive bonuses. You can probably guess what happened: The sales force had the objective to ensure that the surveys were not only completed and returned, but that they were completed "correctly". I, personally, was the recipient of one of the vice-presidential "do me a favour and have your customer answer it this way" calls. I felt very flattered.

In another bizarre situation, the head office of a retail chain only counted those surveys that had all '5s' on a 1 to 5 scale. If even one survey was received, the individual store received either perfect or zero for the month. Those that received a zero for a given month were penalized. Since the cashiers were responsible for inviting customers to respond to the survey, they soon learned that there was little percentage in receiving zeros as opposed to 'no responses'. What began as a tremendously successful program in listening to the customers quickly disintegrated.

Why do companies behave this way? Of course, there are good intentions — the fact of a satisfied customer should contribute to a bonus for those individuals responsible for that satisfaction, shouldn't it? Theoretically, perhaps ideally, yes. But in reality, customer satisfaction is far too important to be left to an incentive reward — a sort of 'carrot and stick' — system. You can be sure that all you will ever hear about is the good news. As a manager, I get nervous when all I hear is good news. Why? How many of you have school-age children, especially teenagers? When you ask them, 'so how's school going?' they respond, "OK... Fine..." Is everything really OK and fine, or have they sunk into apathetic depression and disengaged? When my daughter complains that they have this long boring book to read, or that strings practice is too early in the morning, or when my son complains that his calculus teacher doesn't speak English and his seminar partner hasn't prepared the biography information about the poet — I know they still care about their work. They still care enough to gripe.

As a parent, I listen to the tone in their voices — are they just griping, or is there something really wrong? In fact, tone of voice is a key indicator of how our kids — and our customers — are really feeling. Human beings are naturally — and by that I mean biologically — wired to respond to tone of voice, mood, inflection and vocal nuance. Infants, long before they have learned to understand language, understand tone of voice. You can lean over a baby and say, <sing-song baby voice> "You're a little son of a b, because you just pooped your diaper again and I have to change the smelly thing, and I hate you, yes I do," and the baby will google and giggle and think that the world is just peachy keen.

Voice itself is full of information quite apart from the actual words used. We can hear and understand sarcasm, anger, cynicism, joy, relief. How something is said speaks volumes, far more than the words alone can convey. Yet when we log customer service calls or collect the mail-in cards, or our online feedback consists solely of email and filled-in web forms, we have stripped all of this valuable, human-oriented information, and merely store the text. Text, without the voice of the speaker, is like a soup cube. You have the essence of soup — the essence of the customer, but it just isn't soup.



Let's say we ran a survey that allowed the customer to opt-in in response to an invitation. The customer could call at his or her convenience, and respond to appropriate questions by actually speaking to us, and we kept the actual voice clip in a way that was accessible to those that could take action. Unlike a 'soup-cube' survey, in which the customer responds to our conception of the business and if necessary, we can fix what's wrong, the 'hot soup' survey gives us a perception of how our business actually effects the customer. Our natural tendency will be not to focus on the causes, but rather on the effects. Let me say that again: Our tendency will be not to focus on the causes, but rather on the effects.

Now I can hear some of you saying, "we have to get at the cause to fix the effect — it's cause and effect." And that's the typical, conventional view. In response to actually hearing something negative from the customer, we first try to take corrective action: Make the situation right for the customer. We then take preventative action. This is the famous cliché, come on kids, let's all sing together, "...and we'll make sure this never happens again." What's the problem with that? Something else will happen ... again! This becomes counterproductive very quickly, as we are constantly playing catch-up in a game whose rules were written by an engineer named Murphy.

Instead, we should be focusing on managing for specific effects. Our conventional approach is: What went wrong? What caused it? Fix it! Managing for effects asks, How were you effected? Did we intend to have that effect? What effect should we be having? What do we do to realise that effect?

Why is that distinction important? Simply because we cannot anticipate every single cause that may disrupt our business forever. However, we can plan for effects and manage so that we achieve them. How do I know it works? In an extreme case, look at the Israelis with respect to airport security, because that's the approach they take. Closer to home, that sort of approach is the key to Dell Computer's ability to continually drive down manufacturing costs and Wal-Mart's invention of "data mining" to reduce inventory and logistics costs years before they knew what to call it.

In a simple case, managing for effects, we want our customers to speak to us — that's the effect we want. How can we cause that to happen? First, we making it convenient and easy for them to do so. Second, we actively and explicitly inviting customers to speak to us, as opposed to passively leaving out a response card where they may find it. Third, we create an environment in which the customers will freely speak their minds, positive or negative. We can accomplish this by giving up our conception of our businesses and opening up more to perception, allowing the customers to tell us what they think is important for us to know. We listen carefully not only to what they say, but how they say it because that gives us the most important clues as to the effects we are having on our customers. We ask ourselves: Did we intend to have that effect? What effect should we be having? What do we do to realise that effect?

Do these things and your customers will notice that you are listening.



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