B2B Customer Satisfaction Research

IN SUMMARY

This paper on business-to-business (B2B) customer satisfaction research:

- o Identifies why customer satisfaction matters

- o Provides a five step process for measuring customer satisfaction

- o Outlines key questions to ask and how to make sense of the answers

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FRESH PERSPECTIVE

Introduction

Does it really whether your customers are satisfied? Really, does it?

The received wisdom is that customer satisfaction is central to commercial success. But that's not always true:

- In some markets customers have little choice whether or not to work with a supplier, e.g. if they hold a monopoly or there are high barriers to exit

- In some situations customers are willing to accept dissatisfaction in many areas because there are other things that make it worth 'grinning and bearing it', e.g. the price might justify compromises in other areas

- And inertia may mean that satisfaction is low, but changing supplier simply isn't worth the time or effort

This is of course a very short-sighted view. It's true that in some markets you can get away with customer dissatisfaction. However, things can change and in the future you may suffer from a lack of goodwill. Maybe that product or price advantage will be challenged, maybe inertia will disappear as customers become more motivated or maybe a new competitor will shake things up. And even if customers don't defect now, they may very well spread negative word-of-mouth and reduce new customer wins.

Regardless, in most markets customer satisfaction matters a hell of a lot. It directly impacts loyalty, sales and the bottom-line.

So like anything that's important in business, customer satisfaction needs to be actively managed. This means that every organisation should have a regular customer satisfaction measurement programme. Here's how to create one in five steps…

57%
of B2B marketers measure customer satisfaction[1]

Step one: Secure internal support and indentify what matters

Customer satisfaction research in B2B environments requires a different approach from that adopted in B2C markets.

First, it shouldn't start by speaking with customers, but with colleagues. Arrange a series of workshops with Account Managers and other customer facing staff to:

- Define the different types of customers of interest

- Map out the customer journey and identify 'moments of truth'

- Determine what you believe 'good' looks like in each area of the experience

It's also valuable at this stage to review any existing information on the drivers of customer satisfaction. For example, if complaints are logged then review them to identify the common causes of upset.

This first step is critical not only because it shapes subsequent discussions with customers, but because it helps secure the buy-in of those who hold customer relationships and will need to act on the research findings.

1. Source: B2B Barometer

Step two: Double-Check you know what to measure

By now you'll have a number of hypotheses about what drives customer satisfaction. However, these need to be verified and refined. This will ensure that when you measure customer satisfaction you're not missing a trick and there's no danger of customers thinking you're not in tune with them.

So, before you go any further, hold in-depth conversations with a small number of customers to understand things from their point of view. For example:

o What are the critical aspects of the experience for them?

o What does an excellent and terrible experience look like?

o What might trigger them to consider changing supplier?

Step three: Focus on strategically important customers

Now you know what to measure, you're ready to do so. Here B2B customer satisfaction research once again differs from its B2C cousin.

Most B2B companies find that a disproportionate amount of revenue is generated by a small number of large customers (usually this adheres to the 80/20 rule where 80% of revenue is generated by just 20% of customers).

This means that particular attention should be paid to the satisfaction of large or strategically important customers. Not only does this prioritise key actions but it sends a signal out to these customers – "you're important".

So begin your customer satisfaction programme by identifying the most important customer accounts. Then:

o Flag any accounts which should not be approached due to sensitivities. For example, if you're in the middle of a bid-process with a customer it's best to wait until this is concluded

o If there is one, gain the support of the Account Manager for each key customer by explaining the process and reassuring them of the positive intentions. Also use this as an opportunity to ensure you're aware of the account background, important context and any specific issues

o Then set up an in-depth review session with each customer account. These sessions should involve all key contacts within the customer, either in a single meeting or in multiple one-on-one meetings. The discussions are likely to last around one hour and should cover areas such as:

> Their original reasons for choosing you as a supplier

> The extent to which the experience has matched the 'promise'

> Which elements of the relationship have greatest impact on their satisfaction

> Their satisfaction with each element of the relationship

> What they see as your greatest strengths and USPs

> Where they would most like to see improvements made

> How loyal they are and what can be done to make them more so

> Their priorities and success drivers at a company, team and individual level

> How you can best support them in relation to these areas

At the end of the interview remember to ask for their permission to share their comments with your colleagues – this will let you take specific action

o Immediately following the customer meeting, feedback informally to the Account Manager and identify any urgent issues to be dealt with. This will ensure that they can begin to act if need be

o Shortly after the customer meeting write up the findings in a short report specific to that account. This should focus on areas of strength, weaknesses to address and any opportunities to pursue. Share this report with the Account Manager and suggest that they develop an Account Plan to be shared with the customer (or even develop it with them in the first place)

o Once all of the major customer accounts have been covered, analyse learnings from across them. This will identify best practice which can be spread and identify any common issues which will benefit from a 'centralised' approach

It's common when contemplating this stage that you'll ask yourself a very fair question – shouldn't Account Managers being doing all of this as a matter of course? And it's quite possible that they already do. However, a third party detached from the relationship taking the lead brings several benefits:

o It ensures that other priorities don't push the review to one side

o It lets customers speak openly – invaluable if the relationship is floundering

o It lets Account Managers focus on action not diagnosis

o It gleans learnings from across customers as a common approach is adopted

It's important that you persuade Account Managers of the benefits though, as they often 'control' access to the customer and are the ones who will most likely need to implement any action. That's why involving them throughout the process is critical.

Step four: Create a solid benchmark

The fourth step forms the core of any customer satisfaction programme. It is designed to:

o Represent the wider customer base

o Provide a solid benchmark of performance

o Set clear targets for improvement (and monitor progress towards these)

To do so we need some hard numbers which means that a structured survey with rating scales is required.

The first consideration is how to deploy this survey. In B2B environments the most common approach to customer satisfaction research is to use an online survey. Not only is this cost-effective, it is often the customer's preference as it lets them quickly and easily give feedback in an anonymous way. However, there are situations where an online survey isn't practical or it would only represent a portion of the customer base. For example:

o Your CRM system (if there is one) simply may not contain email addresses

o Customers may not have ready access to email or the internet

o Some of the questions may require detailed discussion

Whatever the reason, you may need to consider an alternative survey approach – usually this means a telephone survey, but on rare occasions you may need to consider a postal or face-to-face survey.

Regardless of methodology, in order to gain the clearest view of customer sentiment the ideal is to invite all customers to take part in the survey. This ensures that everyone has an equal chance to give their view and an important source of potential bias is removed. However, although this is usually practical with an online survey, it is unlikely to be so if a more costly telephone methodology is adopted. In these circumstances you may need to select a smaller portion of the customer base to approach. If doing so, be careful to reduce bias by:

o Selecting the list of customers invited to participate randomly

o Ensuring that a statistically reliable number of interviews are completed

o Distributing interviews in a way which is representative of the make-up of the customer base

With all methodologies, it's also important to carefully define who the customer actually is before seeking their participation. In B2B environments it can sometimes be the case that the identity of the customer is a somewhat grey area. For example, the most obvious 'customer' within an organisation may be the day-to-day contact or the user of the product. Their opinion is important, but so is that of other 'hidden' customers such as:

o Those choosing suppliers (this is not always the user)

o Those authorising purchase decisions

o Users other than the primary contact

This means that the best approach is often to represent all relevant groups in the survey and then analyse their feedback separately.

OK, so you know how you're going to survey customers, but what should you ask them? Well, each situation is unique but the typical customer satisfaction survey in a B2B environment will explore four key areas *(see next page)*:

Sentiment and Advocacy

- Overall satisfaction with you as a supplier
- Whether they have become more or less satisfied recently (and why)
- Likelihood of recommending you to a colleague or a peer
- Whether they actually have recommended you recently
- The extent to which you're felt to deliver on your brand promise

Performance

- Relative importance of different propositional areas to them
- Satisfaction with your performance in each propositional area
- How your performance in each area compares to competitors
- What specific changes they would like to see from you
- Key learnings that can be taken from competitors

Issues

- Whether they have had cause for complaint recently
- Whether they actually made a complaint
- How satisfied they were with the complaints handling process
- How much effort they had to put in to deal with the issue
- Whether they are satisfied with the resolution

Loyalty

- Share of wallet allocated to different suppliers
- Share of wallet received by you
- Likelihood of you being their preference at the next purchase
- What needs to happen to ensure you're first choice

You should also include two further features in the survey:

- Ask customers to waive their anonymity so you can share their specific comments with colleagues (e.g. their Account Manager) and follow up positively

- Ask those who have cause for complaint or are generally dissatisfied if they would like someone to contact them about this. This allows intervention before issues become critical (or if they are critical, allows resolution)

Step five: Turn insight to action

Now you're armed with lots of feedback from customers, you need to make sense of it. Again, each situation is unique and there are many techniques you could apply, but five you might want to consider are:

- **Weighting survey data so that it accurately represents the structure of the customer base.** For example, if 25% of survey responses are from customers based in the USA, but the USA contributes 50% of revenue then answers from anyone in the USA should be up-weighted

- **Calculating a Net Promoter Score (NPS).** A number of studies have linked NPS to commercial performance – the higher it is, the faster a company's revenue and profits typically grow. To calculate your NPS ask customers how likely they are to recommend you on a scale of 1 – 10 (or 0 – 10, but that's a whole different debate!). Then subtract 'detractors' (scoring 1 – 6) from 'promoters' (9 – 10) and out pops your NPS

37%
of those measuring satisfaction, don't set improvement targets[2]

○ **Using Regression Analysis (also known as Key Driver).** This accounts for the fact that when asked what makes them satisfied, people may give an answer but in truth they don't always really know. So rather than ask, Regression deduces what makes customers happy. To do so, two questions are asked – how satisfied they are overall (or how likely they are to recommend you to others) and how satisfied they are with different elements of the proposition. Key Driver looks for links between a high overall satisfaction score and high scores in relation to particular areas. In doing it identifies the true drivers of customer satisfaction. You'll often find that it's not always what you, or they, think

○ **Using Satisfaction Mapping to prioritise areas of focus**. Quite simply take the average satisfaction score for each propositional area and cross-plot this against its importance (as stated by customers or derived by Regression). Doing so reveals the areas that matter most but where performance is weak – these should be prioritised for action

○ **Using Performance Benchmarking to take a relative view of customer satisfaction.** There are two ways to achieve this – by asking customers to compare your performance against competitors or by comparing your performance to results from customer satisfaction studies conducted for other B2B brands. The former identifies how critical it is to improve and the second provides an aspirational target

Satisfaction Mapping
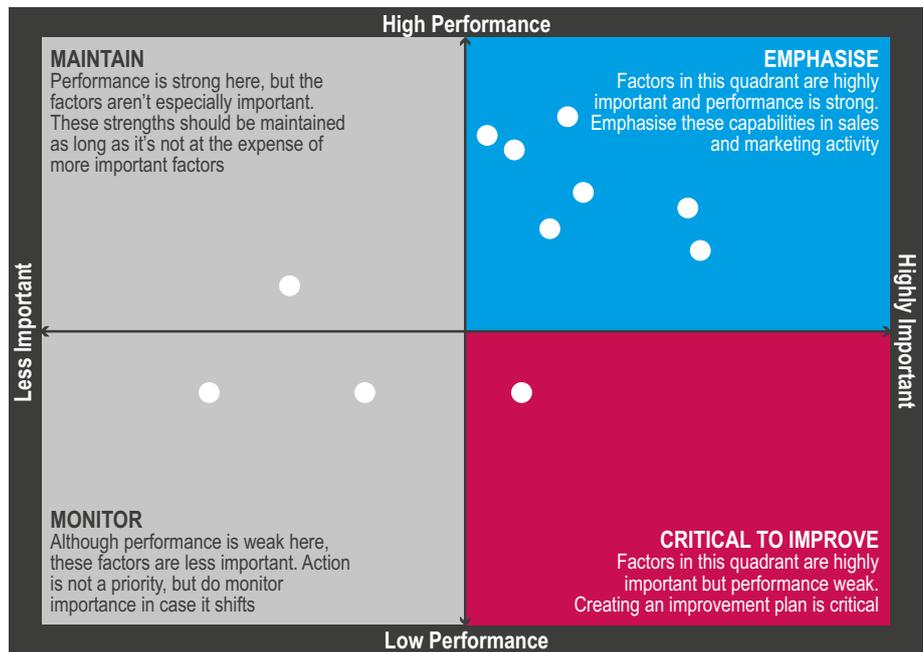
Regardless of how you make sense of customer feedback, it is essential that you:

○ **Share it.** Everybody in the organisation should know how customers feel so they can enhance their own performance

○ **Act on it.** Conduct a workshop with those who need to act on findings (customer service teams, etc.). In this session work through the findings in an interactive, engaging way and collectively come up with a clear action plan. Be sure to allocate responsibility for each action to a named individual and set a timeframe

○ **Monitor it.** Set targets for improvement in key areas and adopt these as Key Performance Indicators (KPIs). Ideally these KPIs should be reported at Board level and used as an element of employee bonus calculations. This helps to raise visibility and drive scores in a positive direction. To measure progress repeat the survey after sufficient time has elapsed to allow actions to bite (usually this is 12 months in a B2B environment)

And finally don't forget to say thank you. Customers have made the effort to feedback and don't want to feel that their opinions have fallen into a black hole. So send them a note to show appreciation and in this outline the actions you've committed to. Not only is this positive PR, but it tends to ensure that actions actually happen!

Sound interesting?
We'd love to talk.

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