The customer's world

Look what I can do?

Capture

Needs

Learning objectives

Vm

▶ **What is a customer need or resource concern?**

▶ **The Kano Model**

▶ **Methods to capture customer needs and concerns**

▶ **Voice of the customer**

▶ **Verification - Looks like a real product**

▶ **Verification - Works like a real product**

▶ **Verification - Sells as a WoW product**

▶ **Summary**

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Vm

A customer's need isn't found in the words they tell you but in the meaning behind them.

Per Lindstedt

Customer needs and resource concerns drive the customer's behavior, actions, and purchasing decisions.

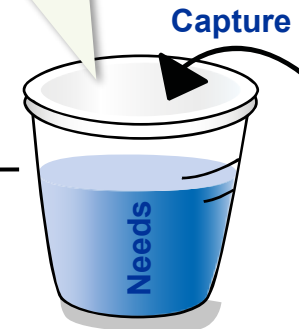A **customer need** is what is necessary for or desired by the user.

European standard EN 1325-1

Capture

$$\text{Customer value} = \frac{\text{Satisfaction of } \textbf{customer needs}}{\text{Use of customer resources}}$$

Needs

Vm

Problems are sources of annoyance or worry that need to be solved urgently.

Problems

$$\text{Customer value} \quad = \quad \frac{\text{Satisfaction of } \textbf{customer needs}}{\text{Use of customer resources}}$$

Capture

Needs

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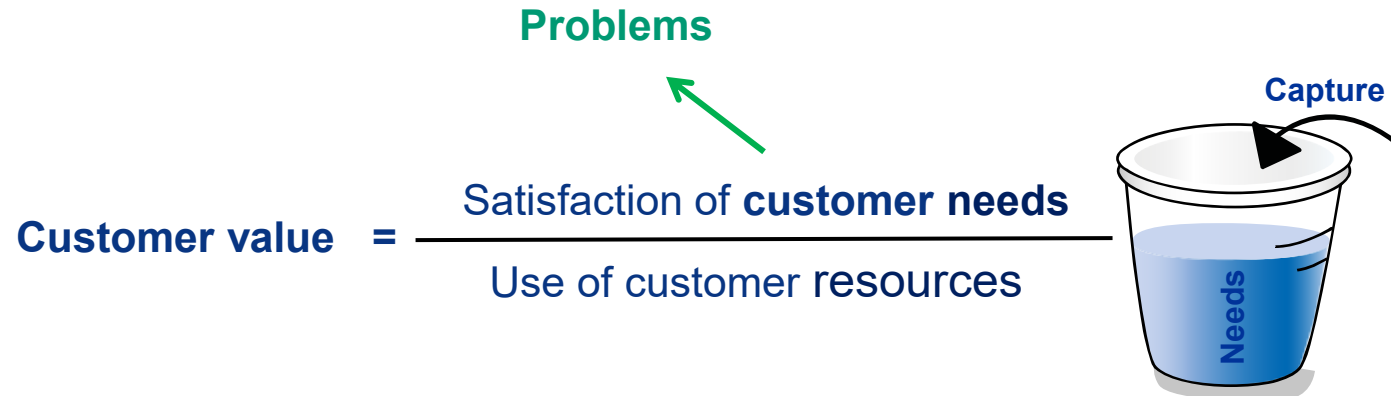
Results

Results involve improving existing solutions to problems, creating more value for the customer.

Results

Capture

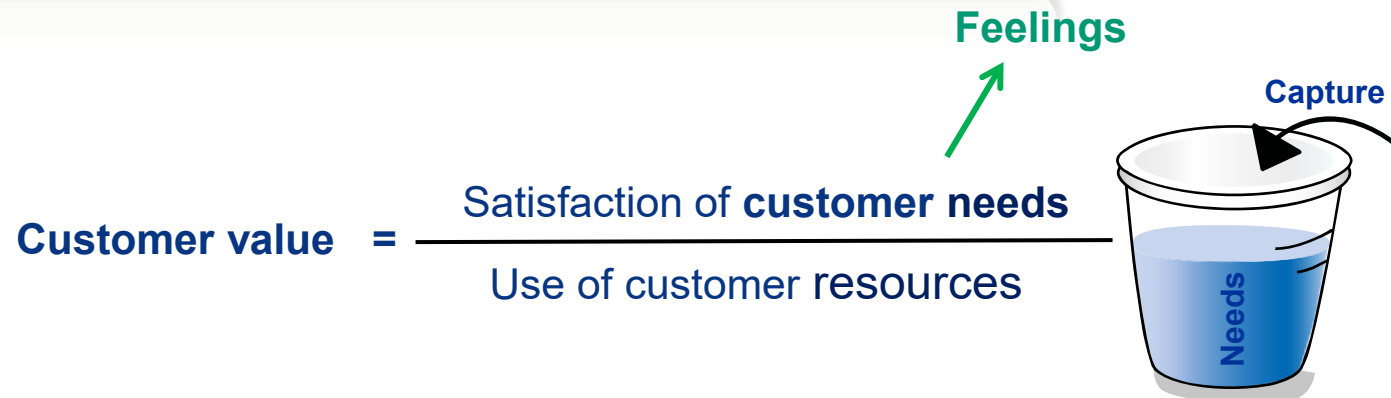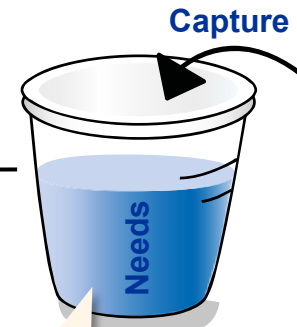$$\text{Customer value} = \frac{\text{Satisfaction of } \textbf{customer needs}}{\text{Use of customer resources}}$$
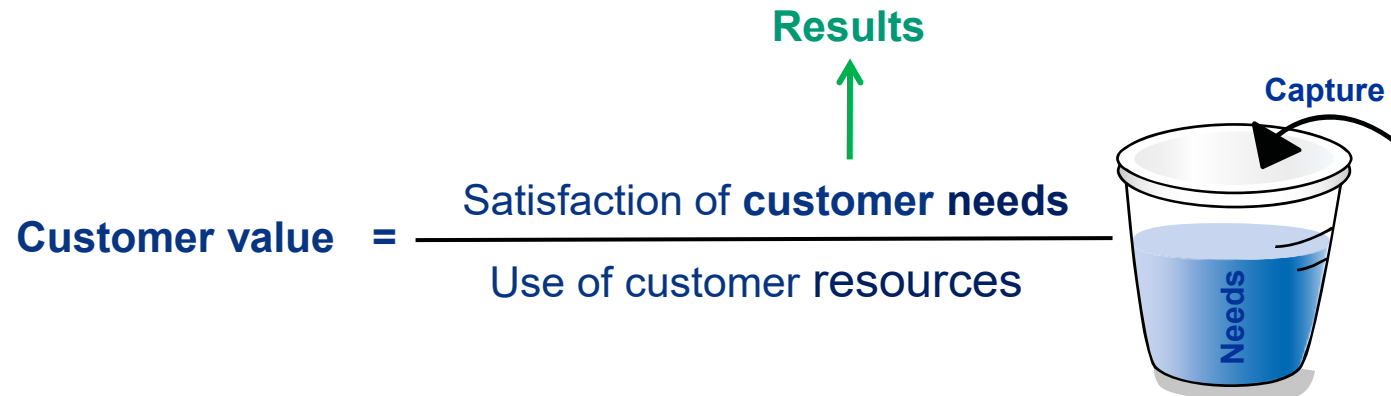
Needs

Feelings are what the customer wants to experience using your product. They evoke positive emotions, such as joy, pride, and self-esteem.

Feelings

Capture

$$\text{Customer value} = \frac{\text{Satisfaction of } \textbf{customer needs}}{\text{Use of customer resources}}$$

Needs

What goes into the bucket?

$$\text{Customer value} \quad = \quad \frac{\text{Satisfaction of customer } \textbf{needs}}{\text{Use of } \textbf{customer resources}}$$

Capture

Needs

A resource concern is what is unacceptable to or inconvenient for the user.

Value Model definition

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Vm

Capture

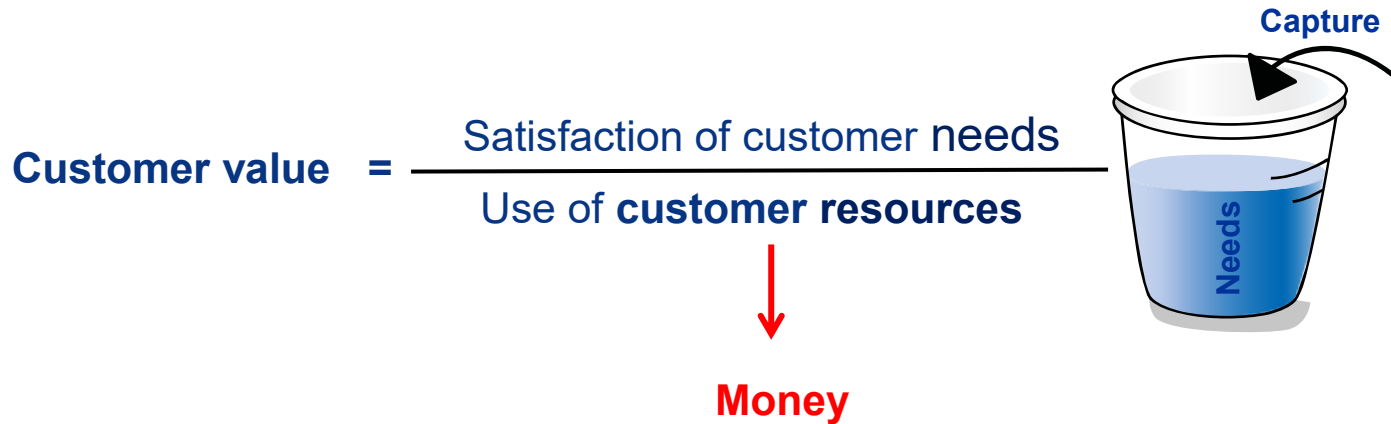$$\text{Customer value} \quad = \quad \frac{\text{Satisfaction of customer needs}}{\text{Use of customer resources}}$$

Needs

Time

The perception of unproductive or wasted time is more critical than the actual time in minutes and seconds.

Money

$$\text{Customer value} \; = \; \frac{\text{Satisfaction of customer } \textbf{needs}}{\text{Use of } \textbf{customer resources}}$$
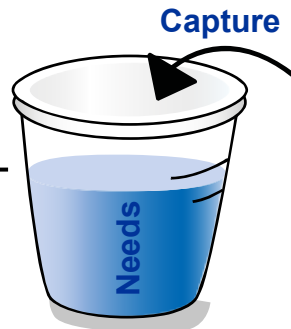
Capture

Needs

↓

Money

All costs of buying, operating, and servicing the product often reduce value. However, price is a complex issue that affects the customer's perception of value in multiple ways.

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Vm

Capture

$$\text{Customer value} \ = \ \frac{\text{Satisfaction of customer } \textbf{needs}}{\text{Use of } \textbf{customer resources}}$$

Needs

Effort

Efforts can significantly reduce customer value by triggering unpleasant and negative emotions. These efforts can be physical, mental, or emotional.

The whole space matters

Logical values revolve around your product's visible features, benefits, and drawbacks.

Emotional values revolve around the customer's experience of interacting with your company and the product.

+

Problems   **Results**   **Feelings**

Customer value $=$ $$\frac{\text{Satisfaction of customer needs}}{\text{Use of customer resources}}$$

Time   **Money**   **Effort**

-
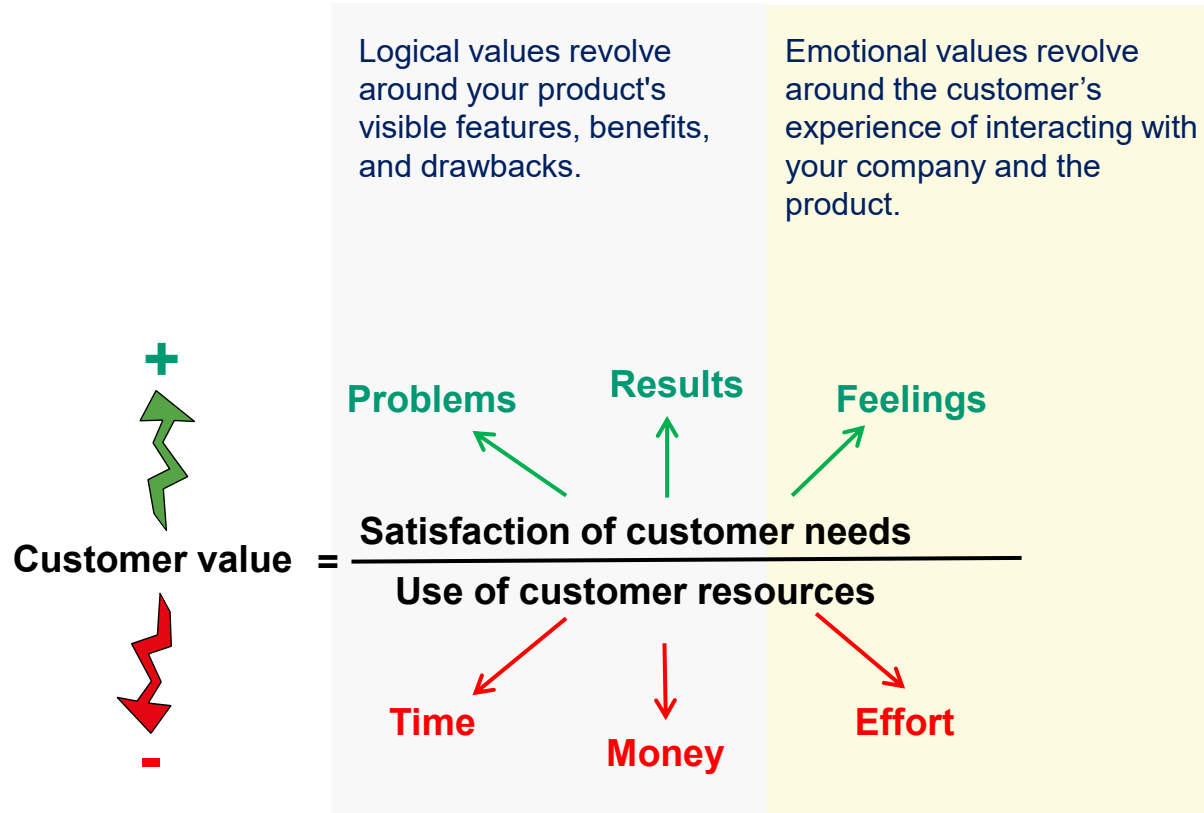
Customers justify with logic but buy based on emotions.

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Customer value fundamentals

Eliminate customer pains

Generate customer gains

Give vitality and enthusiasm to the image

Solve problems

Create results

Enhance feelings

Benefits

Satisfaction of customer needs

www.8-step-voc.com

Customer Value

www.valuemodel.com

Limitations

Use of customer resources

Transform time

Reframe money

Eliminate efforts

Intellectual strategies

Emotional strategies

Make customer time productive

Put the price in perspective

Make the customer journey easy and enjoyable

Strategies for value increase

8-Step-VoC

Download for free and print in A3 format.

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Challenges in capturing customer needs.

Your organization:

- assumes it already knows customer needs and resource concerns
- believes customers can't provide valuable information
- treats it as a check-box activity, resulting in poor quality
- prioritizes internal needs over customer needs
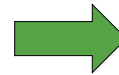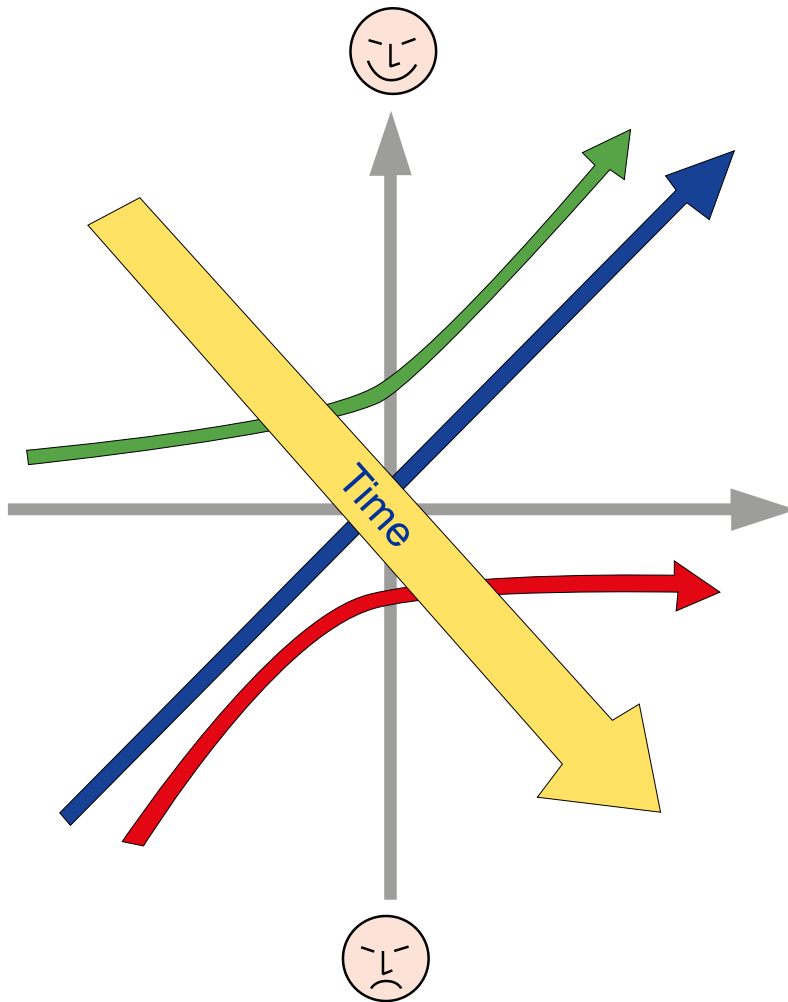- lacks methods to capture, document, and communicate needs.

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Typical concepts used:

- Kano model
- Why questionnaires are misleading
- Voice of the customer
  - In-depth interviews or focus groups
  - Customer visits and observations
  - Affinity diagrams
  - Value cards
  - SWOT
- Use cases
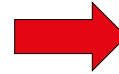
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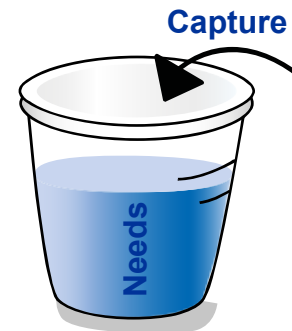
Needs

Kano Model

Unspoken excitement needs are issues the customer does not believe or understand can be met by the product.

Spoken needs are issues that the customer is aware of and can articulate.

The customer takes **unspoken basic needs** for granted and forgets to mention them when asked.

What initially starts as an unspoken excitement need will transition into a spoken requirement and eventually become an unspoken basic need.

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Questionnaires

Why conventional questionnaires don't work:

- assumes you know what is important to ask about
- questions are formulated from an internal or technical perspective
- presumes the customer has the answer ready – "*the hard disk myth.*"

www.creating-wow-products.com
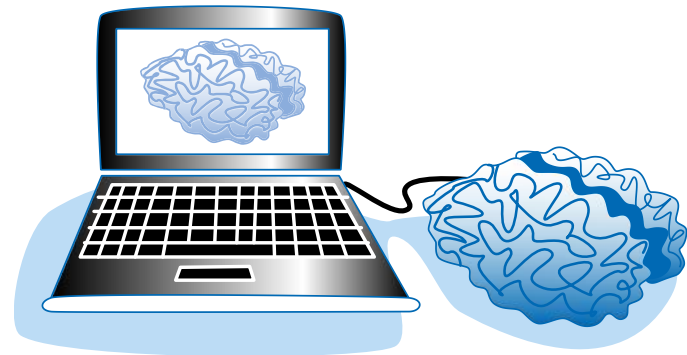
The five loops of customer interactions

Voice of the customer

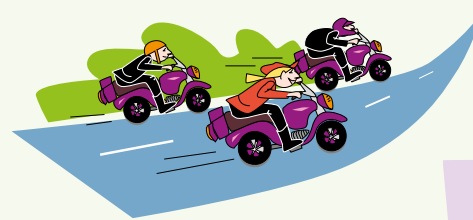1. Collecting customer needs and resource concerns.

2. Statistical prioritization of needs and resource concerns and benchmarking.

Successive verifications

3. Looks like real product.

4. Works like a real product.

5. Sells like a Wow product.

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Voice of the customer

VoC - Voice of the Customer

> Voice of the Customer is a market research technique that produces a detailed set of customer needs, organized into a hierarchical structure, and then prioritized in terms of relative importance and satisfaction with current alternatives.
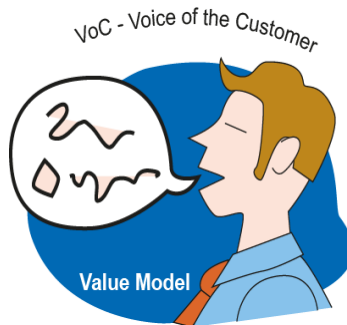>
> **Wikipedia**

VoC Advantages

More Wow products

- Increased hit rate of new products.
- Products that merit a premium price.
- Shorter time to profitability.

VoC - Voice of the Customer

Value Model

More sales

- Inroad to *"Value based selling"* or "Challenger sales".
- Better relationship with customers.
- Improved brand image.

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Maturity levels

Vm

5. Dedicated resources for continuous VoC surveys. The results drive product development.

– **Best in class around 4,2***

4. Ad-hoc use of a formalized VoC process, including prioritization of needs.

3. Conduct a few formalized interviews with customers, and you're done.

2. Make a few customer visits, and you're done.

1. Assemble a cross-functional team and conduct a workshop.

* Results in the Value Model Assessment: Data collected from approximately 500 individuals and around 20 companies globally.

0. Assume you know the needs and let a salesperson formulate them.

Customer value

Vm

Customer value is a perception in the mind of the customer.

The value is in the perception, not the performance.

Customer value is not a property of your product.

Value is in the eyes of the beholder, not in the specs sheet.

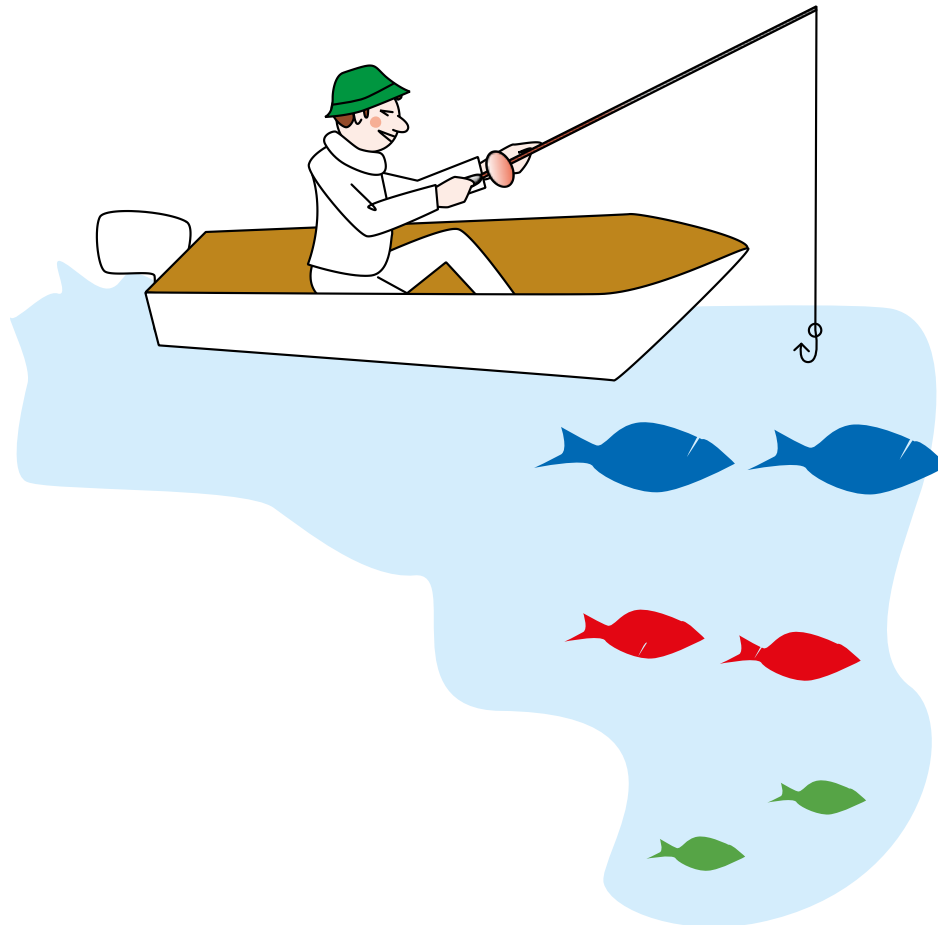It's about being perceived as the best. That's where the value lies.

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5:23

Voice of the customer - Conducting in-depth interviews with customers on-site at the location where the existing product is used

www.creating-wow-products.com

The Sea of Information

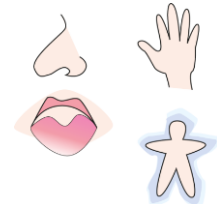Just as different fish require specific bait, you need different methods to capture the full spectrum.
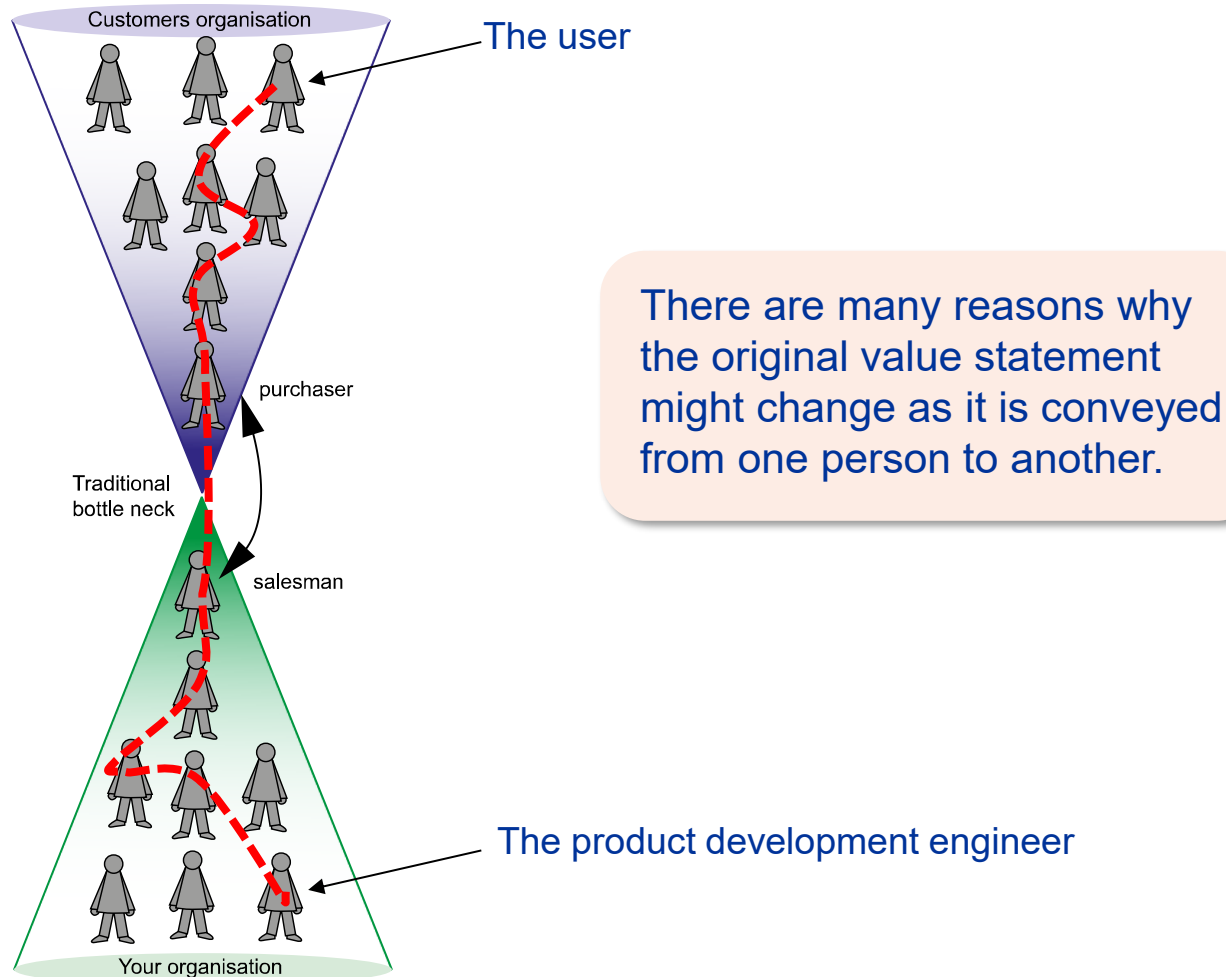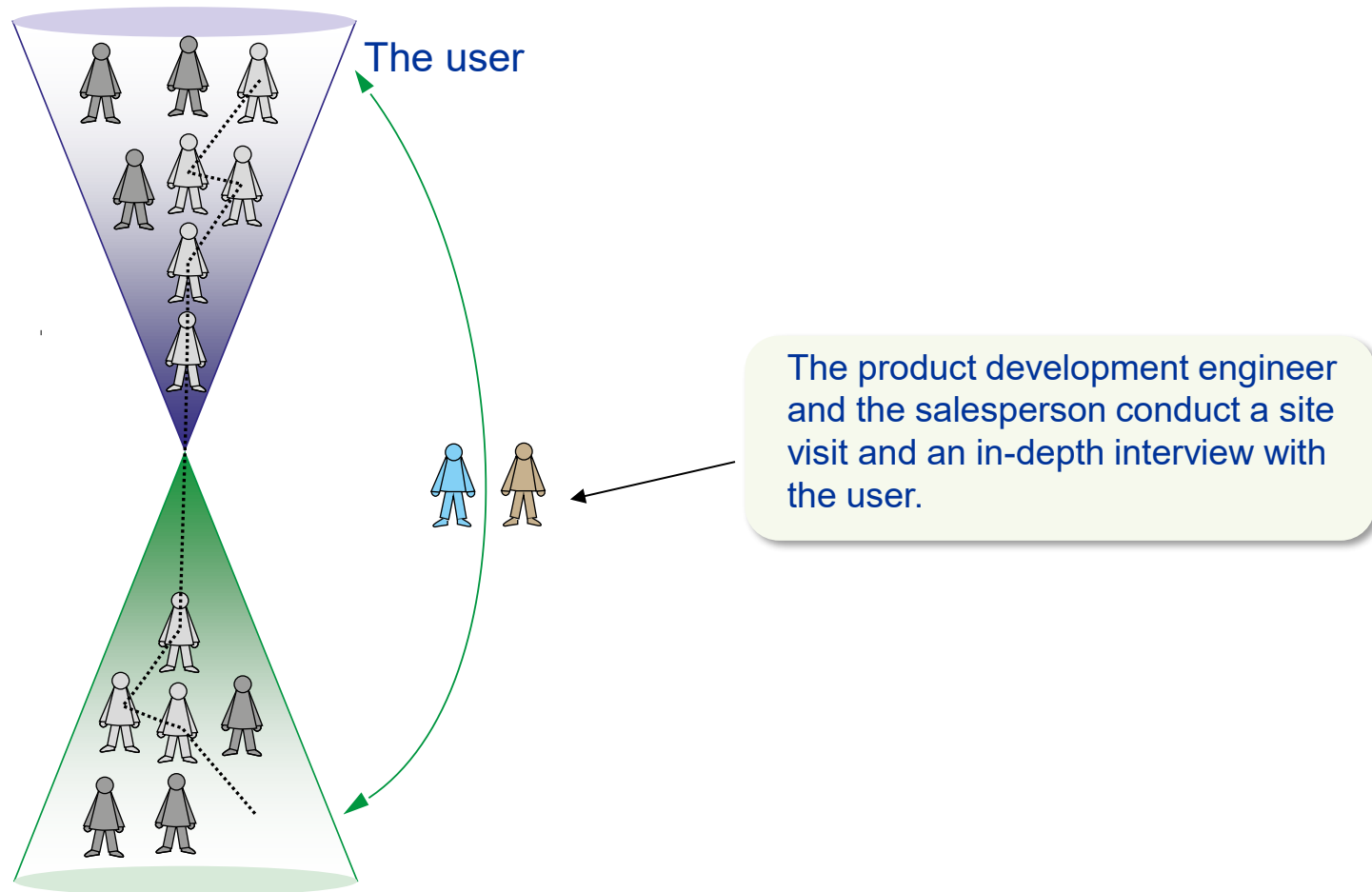

Listen to customers

Study customers

"Be" a customer

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Customers organisation

The user

purchaser

Traditional bottle neck

salesman

There are many reasons why the original value statement might change as it is conveyed from one person to another.

The product development engineer

Your organisation

The recommended set up

The user

The product development engineer and the salesperson conduct a site visit and an in-depth interview with the user.

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5:27

Biased data

Having biased data is worse than having no data at all **!**

Selection bias – the selected customers do not represent the segment.

Cognitive bias – a systematic error in the thinking and asking of questions that affect the data collected.

Respondent bias – the customer is not telling you the real or whole story.

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5:28

Conduct in-depth customer interviews

Preferred setup
Two interviewer and one customer.

Aids
Two effective tools are a camera and a voice recorder; however, it is essential to obtain the customer's permission before using them.

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5:29

Structured interview benefits

Vm

✓ **Structured interview**
The interview follows a loose structure with freedom for the customer to discuss topics and issues of interest.

X **Fixed questionnaire**
It can end up in a "mechanical" questions and answers session.

X **Free-floating conversation**
Like a dinner conversation, a free-floating discussion runs the risk of losing track.

The interview loop

1. Introductory question

- Open-ended question – " What is your experience of ….."
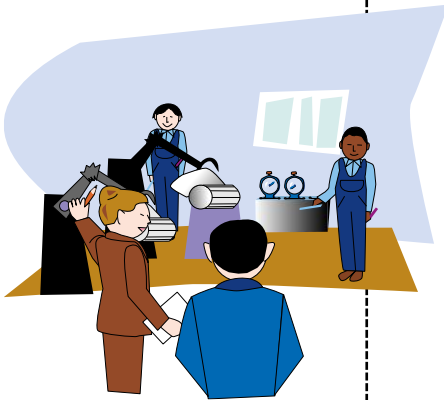
2. Clarifying question

- Watch up with technical terms -*"What do you mean by…."*

3. Exploring section

- *"Can you explain more.", "Who is involved.", "When does it happen .",*

4. Validating question

- *"We have discussed ….. issues, and your opinion is … Have I understood you right?"*

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5:31

Practical example – fictitious and simplified

The Product
An endotracheal tube is a catheter inserted into the trachea to establish and maintain a patent airway and to ensure the adequate exchange of oxygen and carbon dioxide.

Photo Per Lindstedt
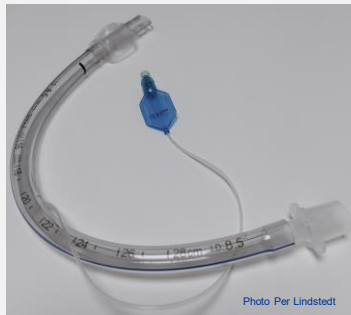
The Customer
Emma is an emergency physician in an emergency hospital. She works evenings, weekends, and holidays. Work is many times performed under high-stress conditions.
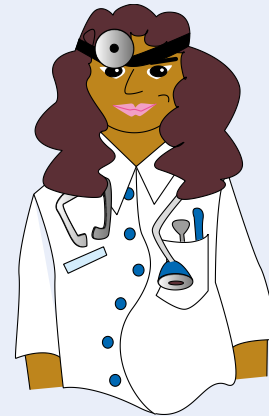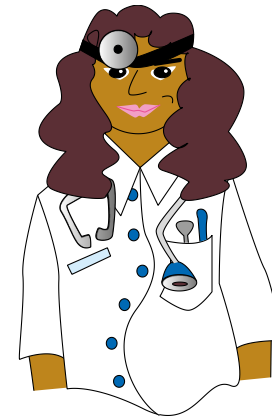
Extract customer needs and resource concerns.

<u>Transcript from an interview with an anesthesiologist</u>

Question : *Can you share your knowledge regarding endotracheal tubes?*

Answer: *As I often work under stress and time pressure, a tube that is quick to enter and secure is extremely important, especially in patients where time is a matter of life and death. I need a tube that can be inserted easily and swiftly without compromising the patient's airway to ensure a smooth and safe intubation process.*

Extract customer needs and resource concerns using the customer's exact wording, if possible.

Answer: *As I often work under stress and time pressure, a tube that is* quick to enter and secure *is extremely important, especially in patients where time is a matter of life and death. I need a tube that can be* inserted easily and swiftly *without* compromising the patient's airway *to ensure a* smooth and safe intubation process.

Value statements

1. *quick to enter and secure*
2. *inserted easily and swiftly*
3. *without compromising the patient's airway*
4. *smooth and safe intubation process*

A Value statement expresses a need or a resource concern.

Value statement

A value statement has always two parts.

The preference:

expressing a desired state or preference for the element.

The element:

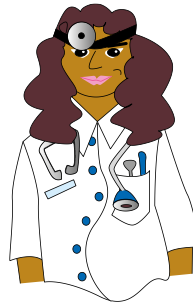can be perceived by the senses preferably:
- action verb
- abstract noun.

"Quick   to   enter and secure".

Emergency Emma

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5:35

Value statement

A value statement has always two parts.

The element:

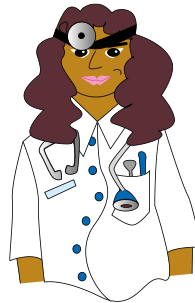can be perceived by the senses preferably:
- active verb
- abstract noun.

The preference:

expressing a desired state or preference for the element.

"Inserted   *easily and swiftly".*

Emergency Emma

Vm

"Easy to install" … or

The magic lies in discovering the nuances and avoiding the trap of taking the "***easy***" route.

- *Simple to install*
- *Quick to install*
- *Convenient to install*
- *Straightforward to install*
- *Effortless to install*
- *User-friendly to install*
- *Intuitive to install*
- *Uncomplicated to install*
- *Practical to install*
- *Low-cost to install*
- *Time-saving to install*
- *Reliable to install*
- *Self-explanatory to install*
- *DIY-friendly to install*
- *Labor-saving to install*
- *and more*

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5:37

Checklist

Vm

Need

Capture

Needs

Resource
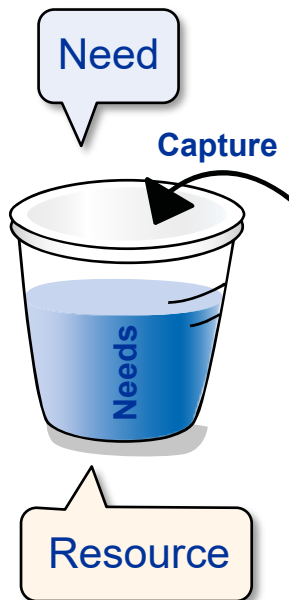
Value statements are short phrases that:

❑ are formulated in the customer's own language.

❑ describe changes in outcome that will increase the customer value (gap).

❑ do not define how the change in outcome should be accomplished.

❑ does not contain a solution.

❑ are not easily measured.

❑ contains an element that the new product can impact.

❑ the element has a clear customer preference or direction of improvement.

All boxes need to be checked before it goes into the bucket!

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Voice of the customer - Collect customer feedback to identify priorities and assess how well your product and competitors meet value statements.
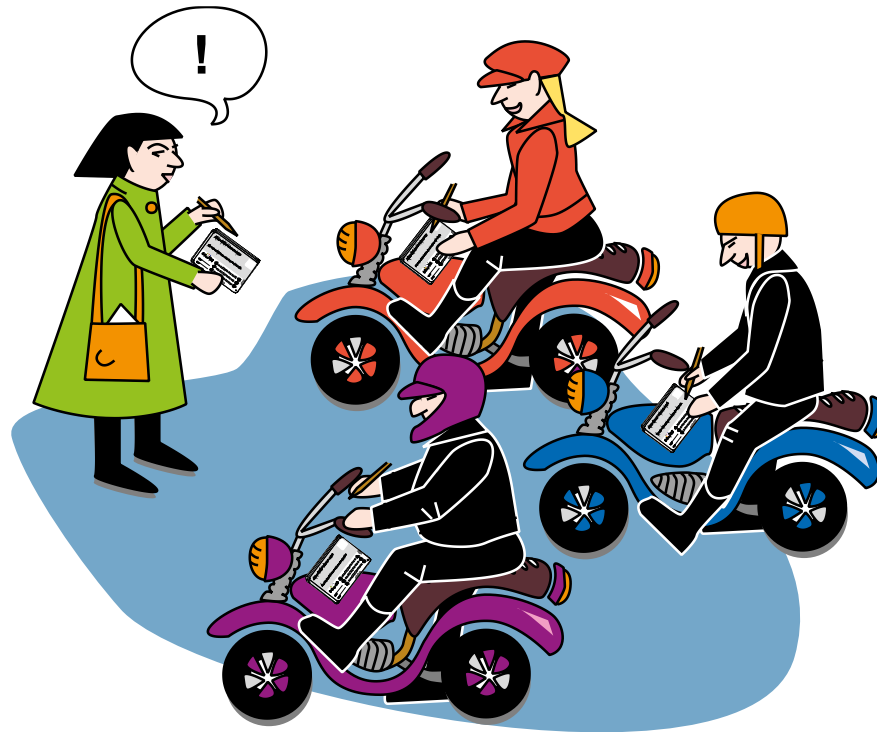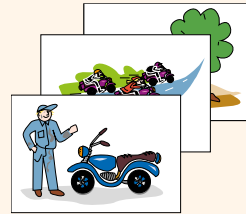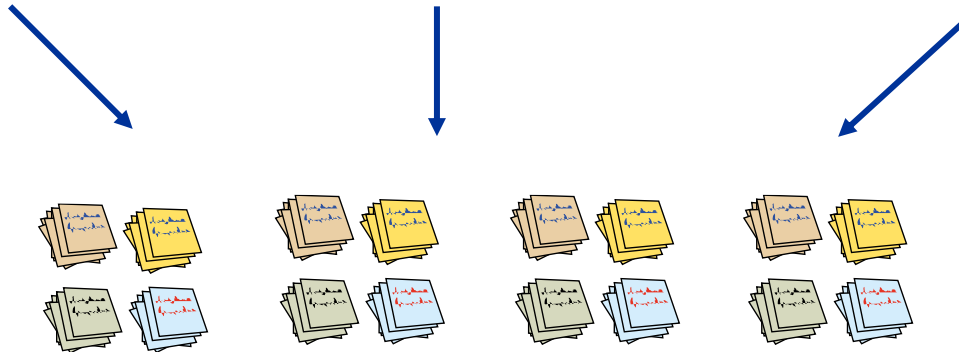
Transfer and extract value statements

Build your collection of
Value statements from
In-depth interviews.

Create your visual library
of pictures and videos of
real customers in action.

Be a ghost customer and
create a summary of all
your findings.

**Collected value statements form your understanding of customer
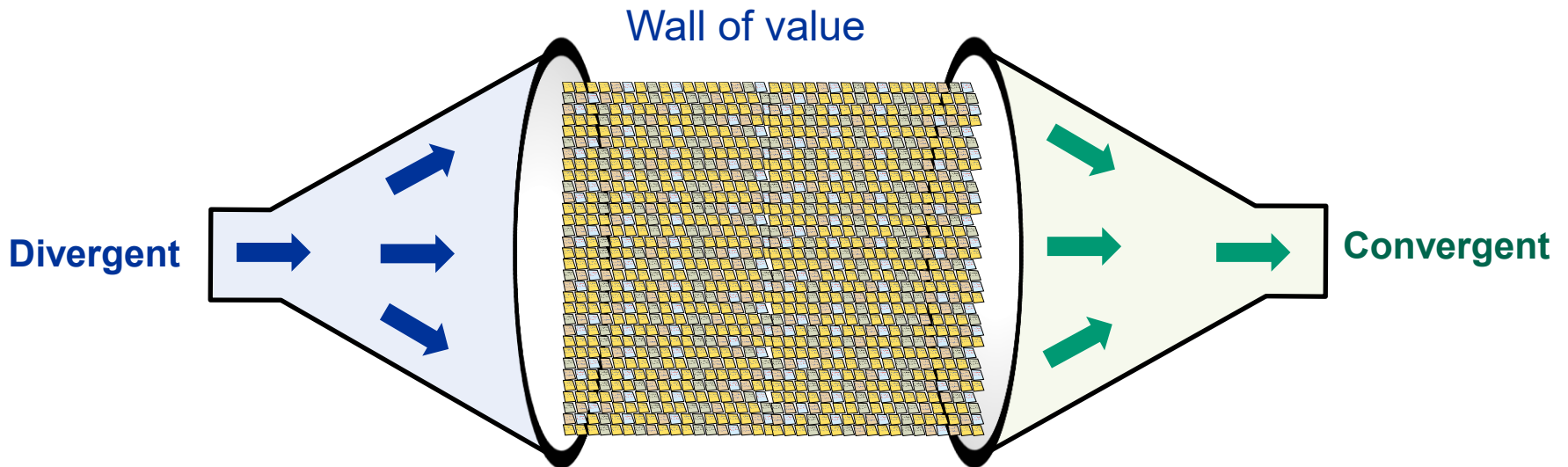needs and resource concerns.**

From divergent to convergent

Explore customer value
The divergent process ensures no essential customer needs or resource concerns are missed.

Compress value statements
The convergent process reduces the number of value statements to around 20-25.

Wall of value

Divergent

Convergent

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Boil it down

At every level, the language of the customers should be kept. Don't add, subtract, interpret, or let your company language sneak into the value statements.
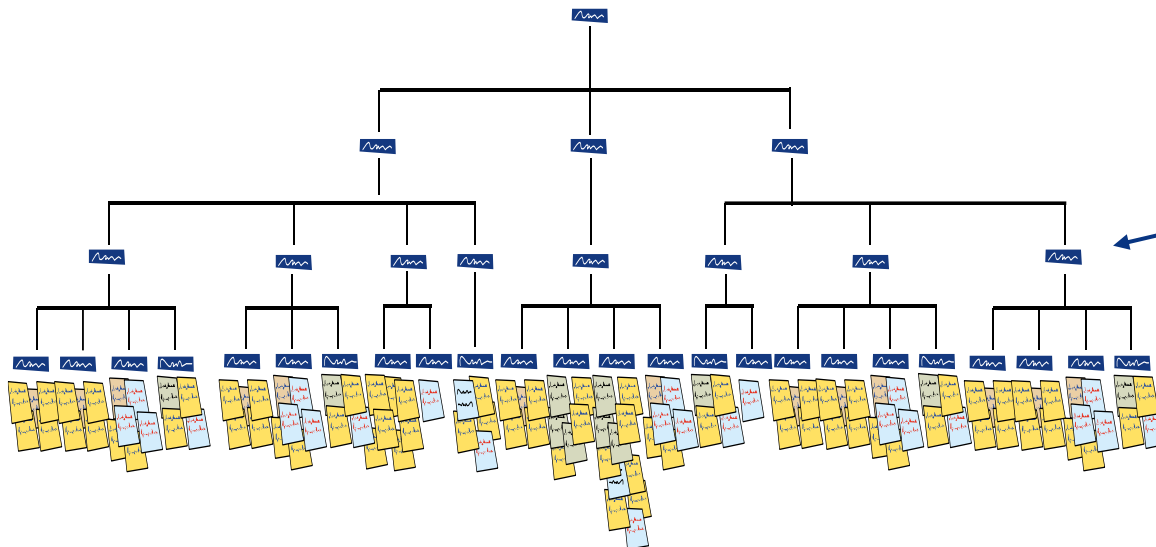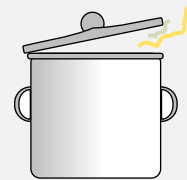
The third level between 20-25

The middle level around 75

The bottom level a few hundred

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Value Cards for prioritization and benchmarking

Using a gamification technique with value cards increases customer motivation and engagement and will improve output quality.

The game mechanics are fun and provide a better learning experience than traditional questionnaires.

Value cards

Value statement

Safe to place and remove

Simplified user story

Value statement and simplified user story

Placing and/or removing the endotracheal tubes in way that don't damage the patient's teeth.

How well the value statement is fulfilled

Benchmarking section

Your company or brand	☹ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	☺
Competing brand 1	☹ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	☺
Competing brand 2	☹ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐	☺

© Your company

12

5:44

Vm

This method:

- incorporates several game mechanics.
- is fun and interesting for the customers.
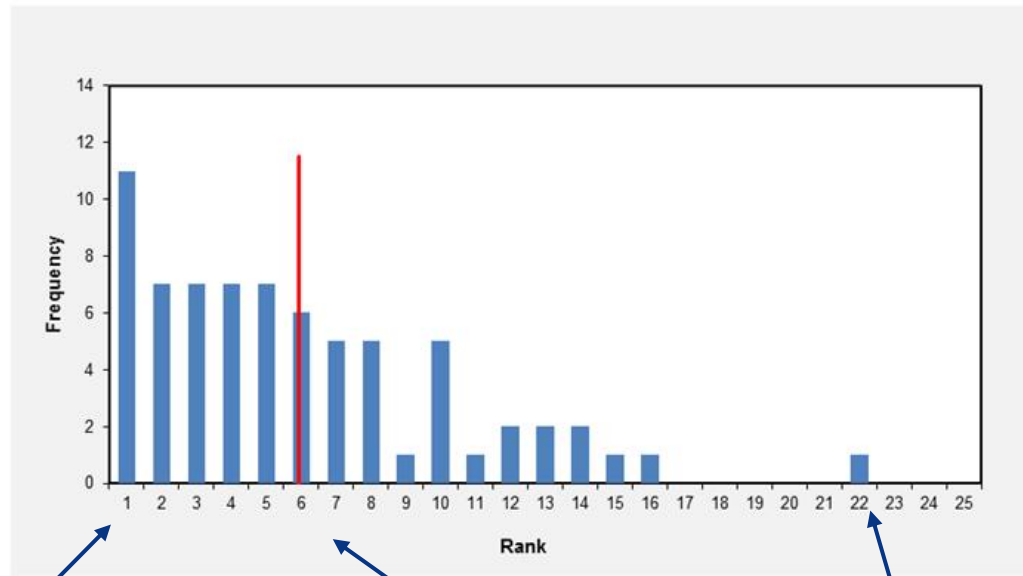- enables customers to identify what is important to them.

The process helps customers better understand and prioritize all their needs.

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5:45

Rank	Need	Card #	Average Rank	StDev Rank
1	Excellent stability and traction	12	5,9	4,4

71 cards

11 out of the 71 customers view this value statement as the most important.

The average place of the value statement is 5.9.

One customer thinks it is unimportant

Looks like a real product, loop 3

Successive verifications – "*Looks like real product*"
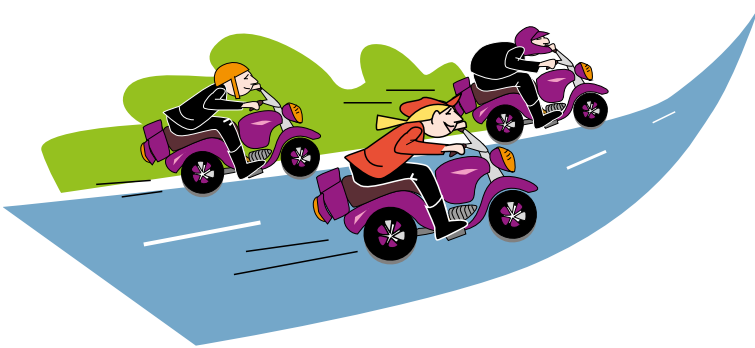

Use design models or illustrations:
- the same color, form, and size as the final product
- fake the functionality if needed
- focus is on aesthetics, visual expression, tactile experience, and brand identity.

Fake it before you make it !

Works like a real prod, loop 4

Successive verifications – *"Works like a real product"*

Use functional models or mockups:
- functional models may not have the correct color, shape, or form
- focus is to have customers try, test, and evaluate the product's functionality.

Test it before you perfect it !

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5:48

Vm

Successive verifications – "*Sells like a Wow product*"

NEW!

Use your pilot production to:
- verify the final processes for manufacturing, distribution, and sales
- focus is to get accurate feedback of the product's performance in real-world scenarios.

Market it before you manufacture it!

What went into the bucket?

Value-critical information in the Needs Domain may include:

- a well-thought-out selection of customers to participate in the needs-capturing process.
- value statements collected from 20-30 in-depth customer interviews.
- a visual library of customers using current products.
- findings gathered by experiencing customers' tasks as ghost customers.
- value statements reviewed to ensure clarity and alignment with customer language.
- an infinity diagram condensing findings into 20-25 value statements.
- a deck of value cards.
- a larger group of customers used to gather statistical data on customer priorities and satisfaction.
- identification of significant customer needs and resource gaps that the new product could fill.
- using a three-step verification process.

The customer's world

Look what I can do?

Capture
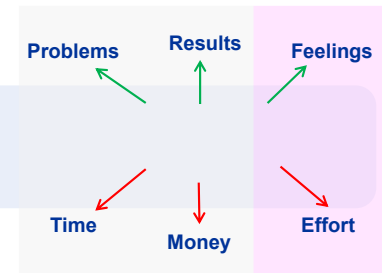
Needs

www.creating-wow-products.com

5:50
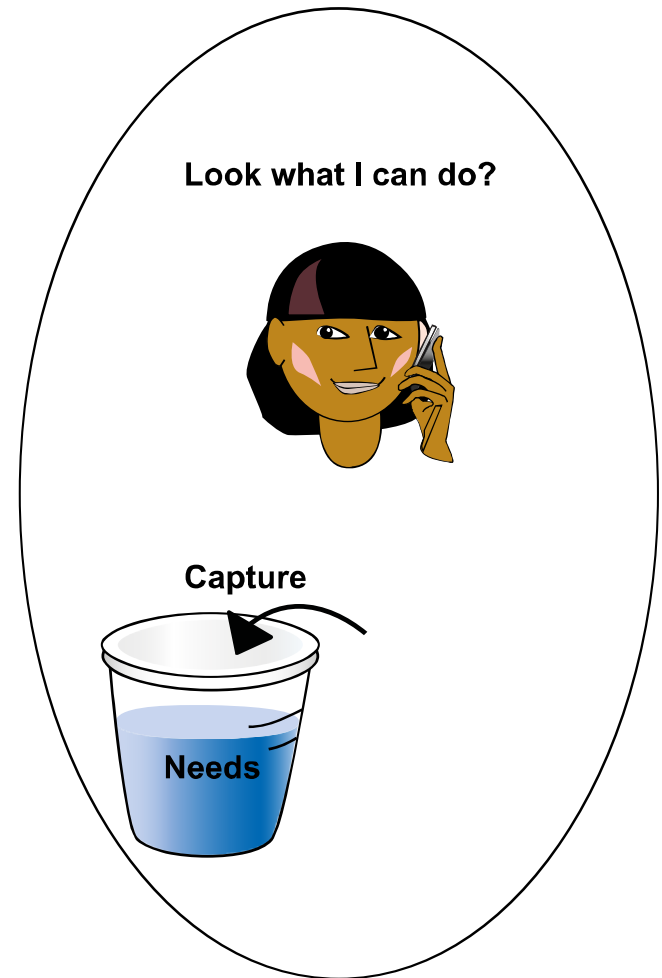
Summary
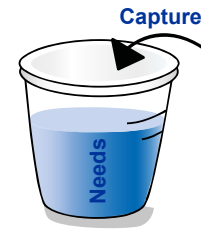
Value statements capture customer needs and resource concerns in the customers' own words.

Make sure to explore the whole space of customer needs and resource concerns.

Your VoC cards will provide prioritized value statements and benchmarking of different solutions.

Verifications need to shadow the project from the VoC to the start of full production.

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