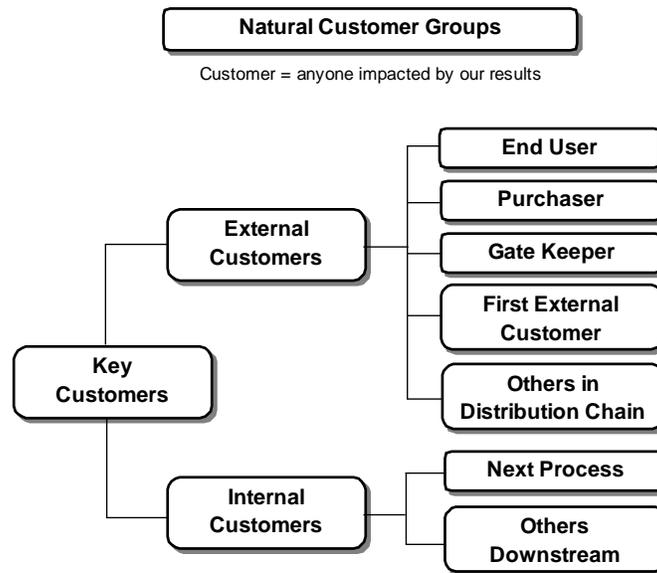# Streamlining Tools™: Determining Customer Needs

Successful understanding of customer needs and delivery of the desired values are what sets apart today's world class organizations from the rest.

Uncovering Customers

Uncovering the **key customers** that are important to the <u>future</u> of an organization is needed prior to determining the needs of a general customer group. Two key customer groups are:

➢ **Lead Customers** ≡ drive <u>future</u> business environment but they are not necessarily <u>loyal</u> customers. They define how the business environment will operate in the future, example, the Internet generation.

➢ **Loyal Customers (vital few)** ≡ are high-volume, repeat customers that sustain the business. They usually drive 70-80% of sales, example in financial services, older, rich investors. (Pareto analysis can classify customers into 20:80 or 30:70 groupings.)

Natural Customer Groups

Customer = anyone impacted by our results

```
                                            ┌──────────────────────┐
                                            │      End User        │
                                            └──────────────────────┘
                                            ┌──────────────────────┐
                                            │     Purchaser        │
                                            └──────────────────────┘
                    ┌──────────────┐        ┌──────────────────────┐
                    │   External   │────────│    Gate Keeper       │
                    │  Customers   │        └──────────────────────┘
                    └──────────────┘        ┌──────────────────────┐
                                            │   First External     │
                                            │     Customer         │
  ┌──────────────┐                          └──────────────────────┘
  │     Key      │                          ┌──────────────────────┐
  │  Customers   │                          │     Others in        │
  └──────────────┘                          │ Distribution Chain   │
                                            └──────────────────────┘
                                            ┌──────────────────────┐
                                            │    Next Process      │
                    ┌──────────────┐        └──────────────────────┘
                    │   Internal   │────────┌──────────────────────┐
                    │  Customers   │        │      Others          │
                    └──────────────┘        │    Downstream        │
                                            └──────────────────────┘
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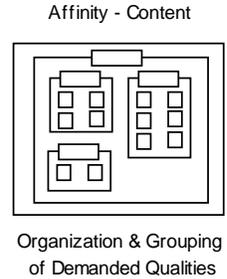## Determining Customer Needs

There are two fundamental questions that need to be answered when trying to determine customer needs:
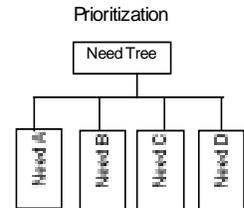
(1) Why do they want/buy/need it?

➢ This questions deals with defining the **added value** that the customer will attain from the product or service.
- What value do they attain from it?
- How does it add benefit to the customer?

(2) How do they use it?

> ➢ This questions deals with the defining **events, behaviors, moments, settings and/or situations** that warrant the use of the product or service. By answering this question, we identify the problems, opportunities, and environment that drives the use of the product or service. The answer to this question allows us to better answer the question of, *why do they buy it*?

Caution: It is important that <u>actual</u> customer needs are determined and that we are not mislead by issues that are obvious and on the surface, that may seem like a need, but in reality are an element or attribute of a product or service; examples: Cost or Price of the product or service, Reliability of the product or service.

Example:	A stated need is:	food	and	an automobile
	A real need is:	nourishment, taste	and	transportation

Searching for Customer Needs

> ➢ **Customer Verbatim**: <u>Ask</u> them what they want and/or look at their <u>process</u> flow to understand their work/uses and to determine opportunities. Also, be a customer.
>
> **Note**: Customers cannot just be asked for what they want since they are usually unable to explicitly give an answer to what their future needs and desires will be. Instead, the customer's verbatim must be translated into a need.

> ➢ **Demanded Items**: <u>Translate</u> the verbatim to what we, as designers, think they want.

VOCT
Translation of Business Problems & Needs

Customer	Verbatim	Use/Setting/Critical Moment/Purpose						Demanded Items
		Who	What	Where	When	Why	How	

Rewording verbatim into single expressions

VOCT: Voice of Customer Translation

> ➢ **Demanded Qualities**: Define the <u>actual needs</u> and determine the added value.

> ➢ **Quality Elements**: Define the <u>attributes</u> that are necessary <u>for the product or service</u> to deliver the demanded qualities.

Management Tools to Sort out Customer Data

1. **Affinity Diagram** - can be used to <u>organize</u> ideas and issues into a set of clear and focused alternatives [for organization and grouping].

Organization & Grouping
of Demanded Qualities

Prioritization

2. **Tree Diagram** - can be used to <u>prioritize</u> the key issues into wants vs. needs and then into cash cows vs. dogs.

Relationship Key

◉ Strong Relationship
○ A Relationship
△ Weak Relationship
No Relationship

3. **Matrix Analysis** - can be used to <u>consolidate</u> all the collected market research information so that <u>relationships</u> between the various data are understood and relayed to designers and development staff.
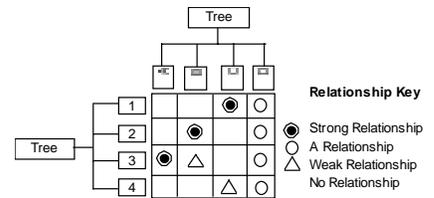
Kano Model

4. **Kano Model** - can be used to <u>segregate</u> the quality elements of the product or service into attractive vs. must-be requirements.

Prioritize Demanded Qualities

CLASSIFY FEATURES INTO CATEGORIES TO IDENTIFY THEIR
IMPORTANCE AND MARKETING POTENTIAL