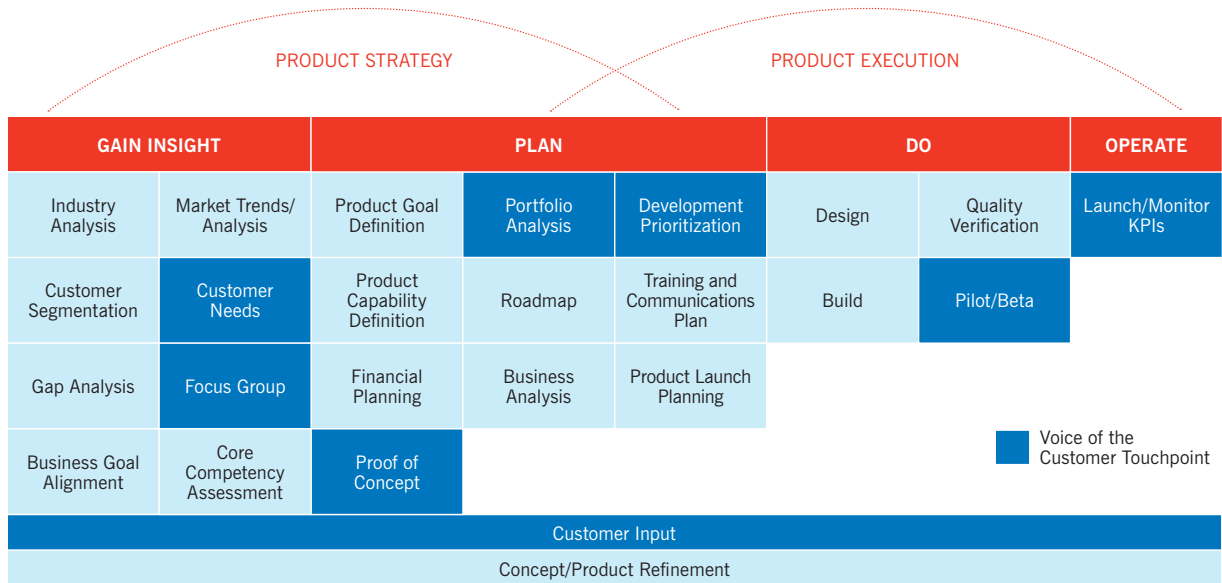# Making Strategic and Operational Product Decisions Using the Voice of the Customer

BY KELLY JONES AND LYDIA LICHTENBERGER

A systematic approach to listening to customers and organizing their feedback can improve business strategy and uncover opportunities.

PRODUCT STRATEGY					PRODUCT EXECUTION		
GAIN INSIGHT			**PLAN**		**DO**		**OPERATE**
Industry Analysis	Market Trends/ Analysis	Product Goal Definition	Portfolio Analysis	Development Prioritization	Design	Quality Verification	Launch/Monitor KPIs
Customer Segmentation	Customer Needs	Product Capability Definition	Roadmap	Training and Communications Plan	Build	Pilot/Beta	
Gap Analysis	Focus Group	Financial Planning	Business Analysis	Product Launch Planning			
Business Goal Alignment	Core Competency Assessment	Proof of Concept					
Customer Input							
Concept/Product Refinement							

■ Voice of the Customer Touchpoint

Today's companies are directing more attention to the customer experience. You may be wondering: How can my organization and I use the "Voice of the Customer" (VoC) to make product decisions? Where could it help in product management processes? Who should own VoC? How can we use it to make consistently aligned strategic and tactical decisions?

A great place to start is by customizing a "customer journey." Journey mapping can lead to an effective framework used by customer-driven corporations, and can be used to capture and analyze the holistic VoC.

VALUE IDENTIFICATION

To understand the impact of this topic, it is important to understand where we encounter the VoC in the product management life cycle. Figure 1 represents an end-to-end product management methodology. It also highlights the activities in each phase, where the VoC is a primary driver in the result of the activity. As you can see, the VoC is prevalent throughout product management activities, and is critical to the success of both strategic plans and operational execution.

Additionally, understanding who owns the VoC is critical to understanding why it is valuable to make the connection between VoC and product management. There is not a single right answer, but a wrong answer is "no one." In an ideal world, one team exists to capture and analyze all customer touchpoints and influences, and shares the right information with the right organizations within the company.

However, many of us live in a world without a single point of contact for customer insights. Or, we lack the processes we need to ensure we capture and circulate the right information at the right time. Several teams have an opportunity to capture the customer's voice — including marketing, sales, customer care, and product — but rarely is there one team that consolidates the VoC. When this is the case, product managers have an opportunity to step up. Our teams need a quarterback!

For these reasons, let's review the framework on the next page to enable you to capture the VoC, and use it to make strategic and operational decisions.

THE SOLUTION
Defining the Customer Journey Framework
The VoC represents multiple sources and types of input from customers, including customer complaints, customer wishes, responses to feedback requested of customers, and likely more, depending on your organization's customer interaction strategy. To help consolidate all of these customer touchpoints, we recommend creating a customer journey.

We will not go into the history of the customer journey framework here. But we have provided an illustration (Figure 2) to explain how you can use the framework to consolidate VoC touchpoints.

Generally, the customer's interactions should align with his/her goals relating to a company. Customers take actions as part of the journey to achieve their goal(s). Each of these actions break down into detailed tasks. Using this logic, the majority of customer complaints, wishes, and feedback can be aligned to a component of their journey using the framework above. An example of this framework applied to the online auction/ e-commerce industry may look like Figure 3.

FIGURE 2: CUSTOMER JOURNEY FRAMEWORK

ACTIVITY (GOAL OF ACTIONS)				ACTIVITY (GOAL OF ACTIONS)			ACTIVITY (GOAL OF ACTIONS)			
Action	Action	Action	Action	Action	Action	Action	Action	Action	Action	Action
Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task
Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task	Customer Task

FIGURE 3: CUSTOMER JOURNEY FRAMEWORK FOR THE ONLINE AUCTION/E-COMMERCE INDUSTRY

PURCHASE				GOVERN			SELL			
Find Item	Bid	Buy	Complete Transaction	Setup	Profile/ Preferences	Activities	Create Listing	Assess Value	Transact	Close
Search	Plan timing	Assess price	Transaction approved	Create account	Communication preferences	Returns	Describe item	Appraise item	Activate item	Accept offer
Research item	Place bid	Purchase now	Receive item	Review policies	Transaction preferences	Purchase history	Define rules	Compare item	Manage item	Reject offer
Pricing	Watch bid	Select payment	Shipping confirmation	Registration process	Reviews	Selling history		Decide bid increments	Receive offers	Collect payment
	Retract bid	Receive confirmation				Track item			Counter-offer	

FIGURE 4: ALIGNMENT OF CUSTOMER DATA TO THE CUSTOMER JOURNEY

PURCHASE				GOVERN			SELL			
Find Item	Bid	Buy	Complete Transaction	Setup	Profile/ Preferences	Activities	Create Listing	Assess Value	Transact	Close

■ Trend indicating what the company is doing well

■ Trend indicating where the company has opportunities to improve

FIGURE 5: EXAMPLE OF A TREND FOUND

Alignment of Pain Points to Customer Journey

Find Item	Bid	Buy	Complete Transaction	Setup	Profile Preferences	Activities	Create Listing	Assess Value	Transact	Close
1%	3%	4%	3%	4%	5%	2%	3%	11%	6%	8%
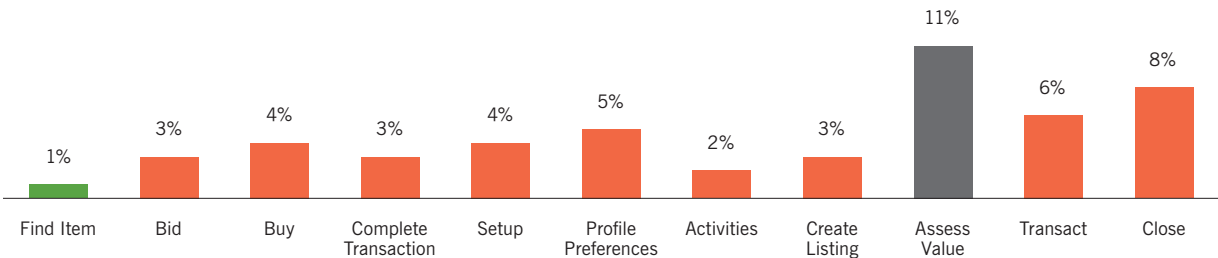
MAKING DECISIONS WITH THE CUSTOMER JOURNEY

Before making decisions using a customer journey, consolidate all the pieces of the customer's voice for which you have access. This includes data such as:

- Customer surveys conducted by sales, marketing, product, or other departments
- One-on-one data housed in individual product manager's computers
- Website feedback
- App ratings and reviews
- Customer complaints
- Customer care call drivers

Once this is complete, use your consolidated data to make strategic and operational product decisions. We will explain three of these decision types here.

DECISION TYPE 1:
Define the VoC
Each piece of data that represents the VoC should align to a part of the customer journey. If it does not align, the customer is either speaking to the wrong company, or the customer journey should be updated.

After aligning the data to the customer journey, the VoC will emerge through analysis of each component. Figure 4 is color coded to show that trends emerge during this process. These trends describe what the company does well and where the customer feels the company has opportunities to improve.

A more detailed example of what can come from this analysis is shown in Figure 5, illustrating the percentage of customer complaints aligned to activities within the customer journey. The customer's voice is telling us that the customer needs help assessing the value of his/her item.

DECISION TYPE 2:
Identify Strategic and Operational Product Opportunities
The activity of defining your customer's voice will enable you to incorporate it into both strategic and operational product decisions. As defined previously, the VoC indicates what the company does well and where improvement is needed. This data is helpful in identifying product opportunities.

Using a standard strategic growth framework, product managers regularly assess new and existing customers against new and existing products. The use of the VoC during this assessment will identify opportunities for growth. Figure 6 shows two examples:

In the green example, the VoC highlights a strength of the organization — its search capabilities. During strategic planning activities, it is common to look at your organization's strengths to see if they may be repurposed to create more value by applying those strengths in another market (or with new customers). In this case, the company can consider selling its search capability to other businesses in order to generate a new revenue stream.

In the gray example, the VoC highlights an opportunity for the organization to fill a gap: It has no tools to help the customer assess the value of an item. During strategic planning discussions, it is common to look for gaps for which the organization can offer a new solution to an existing market. In this case, the company can fill a gap in the customer journey by creating a new product for existing customers.
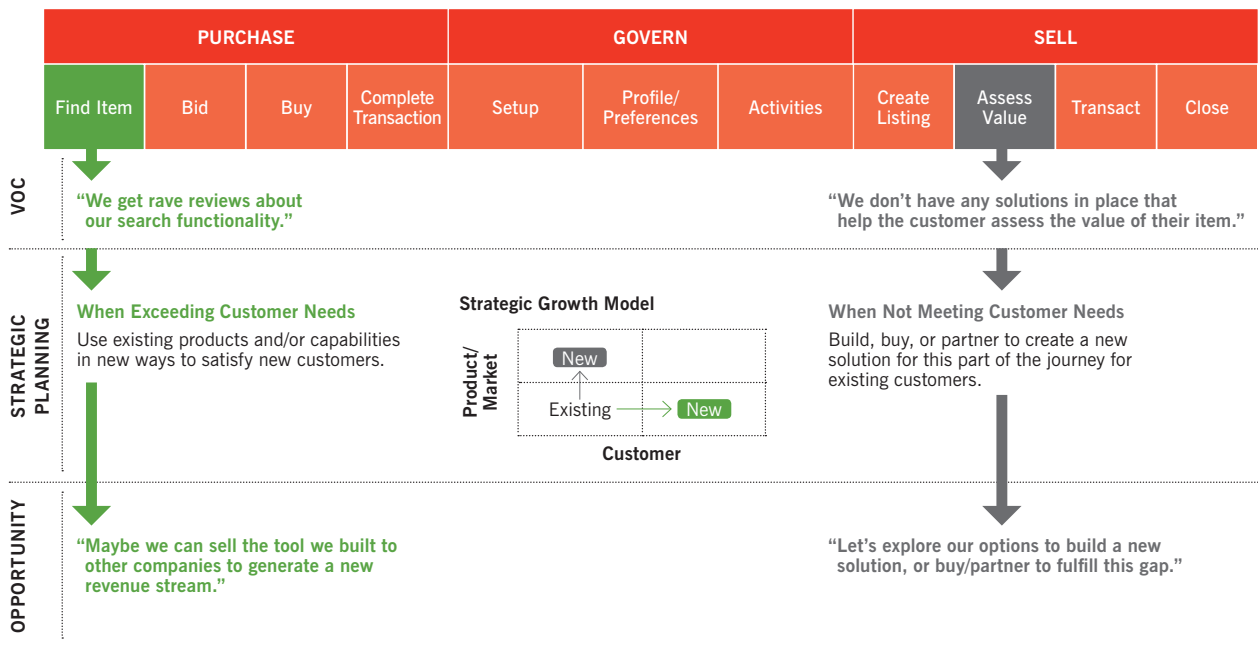
DECISION TYPE 3:
Make Prioritization Decisions That Include the VoC
Prioritization decisions occur at many levels. We can apply the process we introduce here, as long as the list of prioritized items or opportunities is similar. The company can prioritize items by assessing each item's value to the customer, its value to the business, and the level of effort required to address the opportunity.

CUSTOMER INTERACTION

	PURCHASE			GOVERN			SELL			
	Find Item	Bid	Buy	Complete Transaction	Setup	Profile/ Preferences	Activities	Create Listing	Assess Value	Transact	Close

VOC

"We get rave reviews about our search functionality."

"We don't have any solutions in place that help the customer assess the value of their item."

STRATEGIC PLANNING

When Exceeding Customer Needs
Use existing products and/or capabilities in new ways to satisfy new customers.

Strategic Growth Model

Product/Market

New

Existing ⟶ New

Customer

When Not Meeting Customer Needs
Build, buy, or partner to create a new solution for this part of the journey for existing customers.

OPPORTUNITY

"Maybe we can sell the tool we built to other companies to generate a new revenue stream."

"Let's explore our options to build a new solution, or buy/partner to fulfill this gap."

CUSTOMER VALUE

To evaluate the potential value to the customer of a new item, consider both the value being brought by the potential solution and the size of the impact to the customer portfolio. The organization assessing the product will establish its definition of value as needed. This is illustrated in Figure 7. A product can solve a pain point or product enhancement (low value); some pain points or a group of enhancements (medium value); or perhaps it solves several pain points or fills in a product gap (high value).

Additionally, by affecting the customer portfolio, the item could enhance the experience for an isolated number of customers (low value); a small segment of customers (medium value); or a large amount or the majority of customers (high value).

BUSINESS VALUE

When evaluating business value, keep in mind that every business determines value based on varying priorities. The following are examples of dimensions that can drive business value:

MARKET ATTRACTIVENESS
- Market size
- Market growth rate
- Market profitability
- Pricing trends
- Competitive intensity/rivalry
- Overall risk of returns in the industry
- Entry barriers
- Opportunity to differentiate products and services
- Demand variability
- Segmentation
- Distribution structure

COMPETITIVE STRENGTH
- Relative brand strength
- Market share
- Market share growth
- Customer loyalty
- Relative cost position
- Relative profit margins
- Distribution strength and production capacity
- Record of technological or other innovation
- Quality
- Access to financial and other investment resources
- Management strength

LEVEL OF EFFORT TO IMPLEMENT (LOE)

Finally, evaluate your items on a spectrum of low to high effort in order to estimate the level of effort required to implement the solution. You can either determine size relative to all ideas, or follow your organization's rules to define the rough order of magnitudes for projects. You might feel hard-pressed to commit to a categorization, but remember that this is an anticipated LoE, simply based on current assumptions.

	LOW VALUE	MEDIUM VALUE	HIGH VALUE
Product Change	If solves a pain point or is a product enhancement	If solves some pain points or provides a group of product enhancements	If solves lots of pain points or fills in a large product gap
Customer Impact	If positively impacts an isolated number of customers	If positively impacts a small segment of customers	If positively impacts a large amount or majority of customers

SYNTHESIZE AND PRIORITIZE

Now you are ready to plot your ideas! This activity will lead you to your prioritized list of items. Take each potential strategic growth idea (and information on customer value, value to business, and level of effort), and plot them on an X/Y axis. Your X axis should be your value to the customer, while your Y axis is your value to the business. You can overlay the level of effort dimension on the plotted items themselves, by using varying sized shapes or different colors.

Based on where your items fall on the graph, you have your starting point for prioritization. In Figure 8, the items in the green box have the highest value to the customer and the business. These become your starting point for first-priority items. The yellow boxes signify second-priority items — those of highest value to either the customer or the business. Lastly, the red box captures low-priority items, with only some value to either the customer or the business.

Generally, you can use these rules to prioritize product decisions. However, regulations, budgets, politics, and other factors may cause exceptions. Additionally, opportunities requiring low levels of effort can be used for quick wins at any time and may be implemented prior to their designated priority.

IN SUMMARY

Consider creating a customer journey for your company or product area. Identify organizations and teams with relevant information and create a repeatable process to receive information for your customer journey to enable you to make decisions based on the process outlined in this article. Lastly, be sure to leverage your existing project and product management processes to implement the results. Your customers will thank you!

FIGURE 8: EXAMPLE OF PLOTTING ACTIVITY
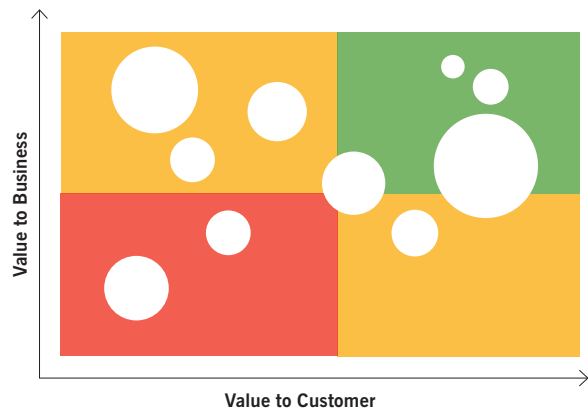
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