

Trying to keep the customer satisfied

The importance of adding value for all stakeholders in a business is accepted, but how can management tell exactly what customers want? **David Shoesmith**, managing director of Halifax-based Abram Pulman Steel, found a new customer survey technique provided unsuspected insights. Helen Fearnley reports.



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A perennial problem for businesses is assessing customers' satisfaction levels and their needs. Conventional methods of survey tend to elicit responses only from the highly satisfied or the very disgruntled. But now it is possible to get a more complete view of customers' requirements.

Halifax-based steel stockholding company Abram Pulman Steel was one of the first to use this method – already popular in the US but relatively new in Europe. As a result, says managing director David Shoesmith, "Since the survey, we have been very successful in increasing our business and we are currently having to look at different working hours and increasing staff levels to meet demand. Indeed, just eight months after the new style survey, internal accounts show the business is looking at a 30% increase in annual turnover."

John Coldwell, the business consultant who recently negotiated the European licensing rights to this InfoQuest Business Process Review system, says he deliberately chose Abram Pulman Steel as a particularly challenging early participant because it deals in steel, rather than anything remotely 'sexy' or 'soft', so its customers are not generally given to navel-gazing about ways of improving their lot.

The results were surprising. Although David and his fellow director Chris Horner had assumed that customers were buying from them solely on price, many of them said that although price was important customer service was a key selling point.

Or as David puts it, "All customers are very price conscious, but those surveyed considered our service to be equally important." Armed with this insight, David and Chris encouraged staff to build on these service strengths.

Worldwide results

Collating the results from InfoQuest's surveys on behalf of some 20,000 companies in 40 countries, some interesting generalisations emerge, including that:

- a 'totally satisfied' customer contributes 2.6 times as much revenue as a 'somewhat satisfied' customer, and 17 times as much as a 'somewhat dissatisfied' customer; and
- a 'totally dissatisfied' customer decreases revenue at a rate equal to 1.8 times the positive revenue contribution made by a 'totally satisfied' customer.

This last finding is particularly worrying since it means that even with twice as many totally satisfied as completely dissatisfied customers, the business would be doing little better than standing still.

How it works

The InfoQuest system has a particularly high response rate (75%), perhaps substantially achieved because the survey is not a box-ticking exercise, but involves a segmented box, each segment containing a question plus strips of paper bearing potential answers – one of which the respondent posts into a slot in that segment of the box. Apparently this method has far more appeal to busy managers than receiving yet another form to fill in.

Companies must have at least 60 significant customers or economic buyers to provide a sensible volume of respondents, and these customers are contacted discreetly to ensure they are happy to participate. After that, InfoQuest monitors the replies until 75% have been received, then sends them off for analysis.

The result

The survey certainly worked for David Shoesmith and Chris Horner, who have decided to change the century-old company ethos to concentrate on marketing and advertising. "We've decided to change tack, raise our profile, and get our name out there. These are exciting times at Abram Pulman Steel," says David Shoesmith.

More information on InfoQuest can be obtained from John Coldwell, tel: 01484 864883; email jc@infoquestcrm.co.uk; or visit the web site at www.infoquestcrm.co.uk.

