

Voice of the Customer Points to Better Ways of Targeting and Retaining Customers in Both Direct and Retail Channels

Industry & Client Situation

A leading provider of cleaning chemicals sold through direct sales reps to Industrial and Institutional (I&I) customers and served retail customers primarily through home centers. Historically, the client relied on its sales force and retail partners to provide market input with very little information coming directly from end-users and buyers of their products. Client wanted to become market driven, using the Voice of the Customer as a key input to developing strategies for profitable growth.

Approach

Surveyed a broad cross-section of I&I customers covering a range of sizes and vertical market segments inquiring about topics such as key criteria for selecting suppliers, perceptions of different suppliers across these dimensions, competitor activities, alternatives ways of serving customers. Some of the key findings included:

- Customer satisfaction and loyalty varied substantially depending on size of the account—it was largely up to the sales reps to decide how to manage the accounts;
- In addition, our client relied on the direct sales force as the main point of contact for the account while competitors reached customers through multiple touch-points;
- Our clients value proposition was not consistently successful in the customers' eyes across different vertical segments—little focus and customization was being applied;
- Product delivery requirements were actually less stringent than what the logistics system had been designed around.

On the retail side, store intercepts were conducted to learn more about who purchased the products and how they made their selection. Findings included:

- While 75% of retail customers were consumers, almost 70% of the revenue came from contractors and small businesses;
- Customers usually went to home centers with the intention of buying cleaning products, not as an impulse buy—the previous belief in the clients organization;
- Repeat purchases relative to competitors were not as high as previously believed.

Results

A customer lifecycle management effort was launched in the I&I portion of the business to improve customer retention while lowering cost to serve:

- As new customers were won, they were classified based on revenue potential and vertical industry;
- An account growth and retention strategy was selected based on customer needs;
- As customers progressed through their expected lifecycle (or not), contact strategies and service levels were adjusted according to predetermined trigger points;
- The sales reps were directed to higher value activities while some of the less valued support activities were performed through a contact center.

On the retail side, marketing programs could be more targeted at the appropriate customer base, and more cost effective brand building activities could be focused on a value proposition that supported higher levels of customer loyalty.

With a better understanding of what end-customers value, our client was in a better position to develop growth strategies for channels outside of the ones they had traditionally served.