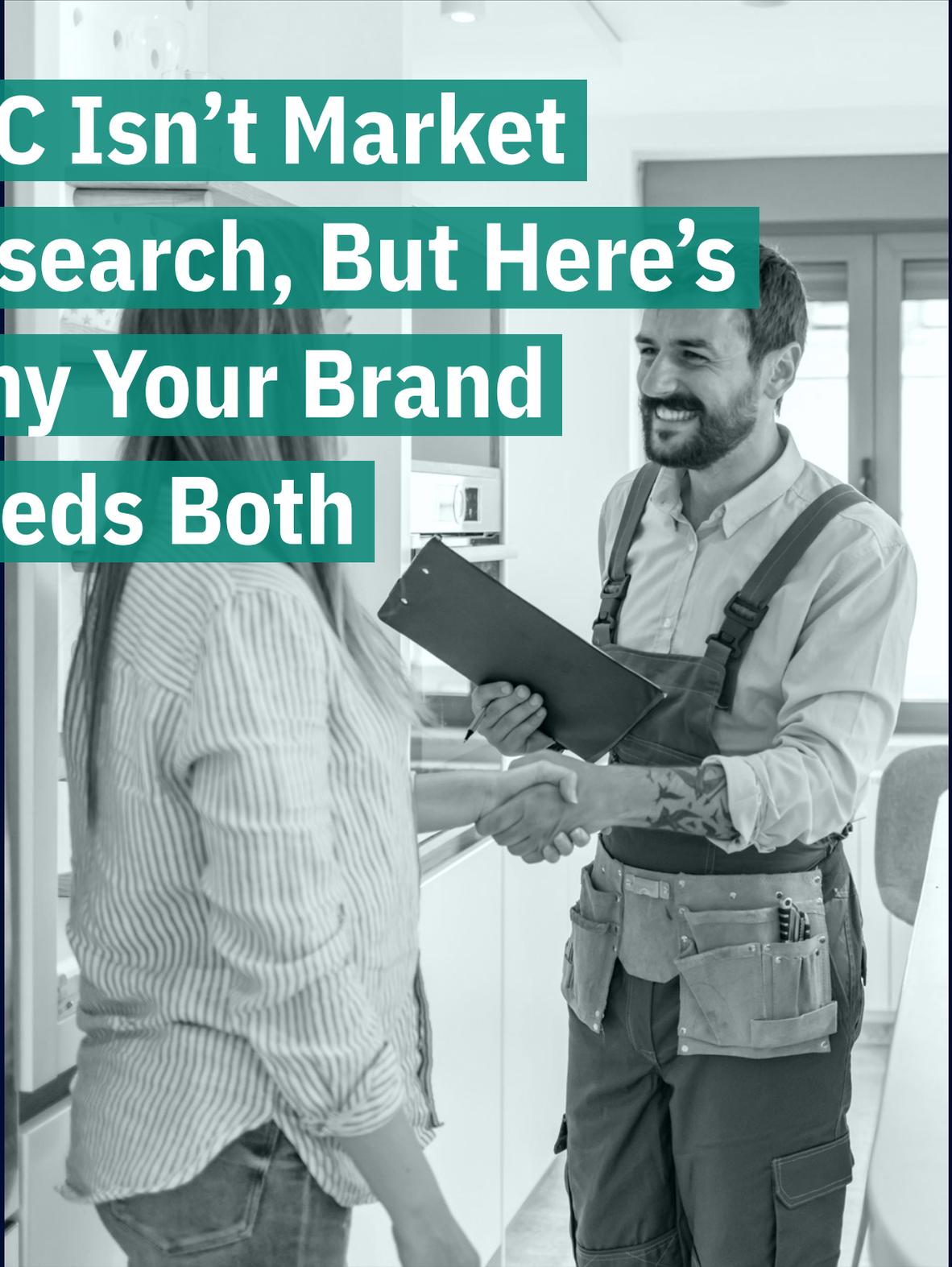




# VoC Isn't Market Research, But Here's Why Your Brand Needs Both

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# Introduction

As both a consumer and a customer experience (CX) consultant, I see far too many voice of the customer (VoC) programs that don't understand the difference between market research and capturing customer feedback<sup>1</sup>. As a practitioner whose career has spanned both disciplines, I'm here to tell you that

they're different. One isn't better than the other, and both are needed to inform your company's strategic decision making. However, they differ in purpose, design, analysis, and outcomes.

<sup>1</sup>Note: throughout this document we use customer feedback and voice of the customer (VoC) interchangeably



# Purpose

While market research and voice of the customer share similar techniques, they are different in intent, orientation, and usage. Primary market research uses a myriad of quantitative and qualitative methods to understand customer needs, as well as to test new products, services, and communications. It can also be used to let brands learn how many people might buy a new product, at what price point adoption might be optimized, and other questions in that vein. Meanwhile, secondary market research is used to size markets, understand trends, and unveil market dynamics.

Decisions made or strategies formed with market research studies may include:

- Product design decisions
- Customer segmentation
- New product or service launches
- Brand tracking
- Message testing
- Pricing decisions
- Target market identification and definition
- Market adjacencies or expansion opportunities

Meanwhile, voice of the customer programs are designed to understand customer needs, wants, and expectations, as well as how well a company is fulfilling those. These programs are designed to drive operations, marketing efforts, and continuous improvement through both short-term and one-to-one actions. They also inform medium- and long-range changes across the customer base.

One key difference with voice of the customer programs is that not all of the information they gather is solicited in the form of surveys, focus groups, or interviews. There is a wealth of unsolicited feedback in call center recordings, social media feedback, and website comments. A company can also infer a lot of information about customers by tracking their behaviors or purchasing habits.

CATEGORY	VOC	MARKET RESEARCH
<b>Purpose</b>	Capture customer feedback about individual and/or collective experiences	Understand market trends, explore hypotheses, and answer specific business questions
<b>Orientation</b>	Drive operational improvement, spur short-term action to resolve customer issues, and drive medium-to-long-term action to improve customer experiences	Inform a business strategy or decision on a specific topic
<b>Types</b>	- Solicited - Unsolicited - Inferred	- Quantitative - Qualitative - Secondary

# Design

Sample design and respondent anonymity are probably the two areas where market research and voice of the customer differ most. In market research, a company defines the population it wants to target with a survey and carefully designs samples to ensure a match. And, because of the need to reduce response bias, these surveys are often blind or double blind, meaning the company sponsoring the research does not know who the

individual respondents are. Likewise, the survey population doesn't know who's sponsoring the research.

It's the exact opposite for voice of the customer. In this instance, all customers should have a chance to provide feedback (assuming some sample management and respondent fatigue rules) and all voices matter. It's also critical to personalize the survey and let the brand know who is providing the feedback so that it can take action as needed.

CATEGORY	VOC	MARKET RESEARCH
<b>Sampling</b>	As close to census as can be achieved. All feedback matters, but representativeness is still important to consider	Specific, representative sample. Often use quotas to ensure adequate base sizes
<b>Respondent Anonymity</b>	Anonymity prevents closing the loop with individual customers. No anonymity allows you to tie feedback to individuals for future experience usage	Typically expected
<b>Questionnaire Design</b>	Conversational; more open ends. Short in duration. Lets customers decide what to provide feedback on	As many questions as needed to address learning needs. Tend to be longer and more inside-out
<b>Incentives</b>	Demonstrated listening and continuous experience improvement	Typically used to boost base sizes. Often monetary or material in nature



In market research, brands try to test a hypothesis or answer a business question. They ask as many questions as they need to get the data they need. However, internal stakeholders often ask to add their own questions to a survey, which is a very inside-out approach. But, organizations can often get away with that because their surveys are anonymous, and there's not usually blowback over their length. Plus, I'll show you how to incentivize respondents so that they see taking a longer survey as earning their keep.

In VOC, brands are trying to learn what they can from a customer's behavior (both observed and inferred), and their

voice. When soliciting actual feedback, you should engage a customer in a conversation instead of peppering them with questions. Surveys should be short and allow the customer to tell you what is important to them. It's like running into a friend outside a coffee shop; just ask how it's going and let them talk. Customers, just like friends, will tell you what they want to share.

This difference applies to employee surveys too. Sometimes, you may need a whole battery of questions to understand employee views on management, communication, benefits, and other topics. And, sometimes you just want to know how it's going.

## **A SIDE NOTE ON INCENTIVIZING CUSTOMERS**

Brands commonly use incentives in market research to ensure that their target audience provides enough responses, as many customers have less of a vested interest in anonymous surveys. The need to incentivize respondents has led to many issues with “professional respondents” and the need for both research associations and panel providers to actively manage target populations. With voice of the customer studies, customers should be incentivized to provide feedback because they expect an improved experience in the future. However, because legacy data systems

can't pre-identify customers, feedback requests usually can't be personalized, and thus brands end up asking questions they should already know the answers to. Furthermore, few companies respond to their survey-taking customers about what they've learned, what actions they're taking, or when customers should expect improvement. Instituting this best practice lets customers know their voices have been heard, mitigating the need for future incentives.



# Analysis

Market research and voice of the customer studies differ in how they're analyzed and reported. When analyzing market research data, brands and researchers must take the full distribution of responses into account. Analysis focuses on the "average" customer (i.e., which percentage of the population believes something or intends to take a certain action). Weighting is often applied to ensure that the sample perfectly represents the target population, and thus that results are projectable to the broader population. Finally, organizations

should undertake statistical testing at high confidence levels to ensure certainty in their findings.

Voice of the customer data analysis tends to focus on what's called the ends of the response distribution—those customers who are most satisfied or loyal, and those who are not. Additionally, while market research data can be analyzed by segments, VoC data is often reported based on the organizational hierarchy (store/branch/dealer level, district or territory level, area or region level, and total company or the hierarchy of the call center) because these are the levels at which actions are normally taken to improve experiences.

A pet peeve of mine with analyzing voice of the customer data is the application of the same high confidence levels of stat testing used in market research. While 90 or 95 percent certainty is needed to make multimillion-dollar product launch or advertising expenditure decisions (maybe 98-99 percent for drug testing and other medical research) do you really want to wait until you are 90 percent sure something happened in the market or that a competitor has moved ahead of your brand before you act on it?



Here is where a concept I like to call “managerial significance” comes into play. At what level of confidence does a product or territory manager need to be before they take action to improve? That depends on the level of risk tolerance in your organization, but I strongly argue that you should act before you are at

least 90 percent certain that you need to. Otherwise, you risk customer churn, market share erosion, new market or technology entrants, and the threat of product substitution.

CATEGORY	VOC	MARKET RESEARCH
<b>Analysis / Reporting</b>	Typically focused on the outer edges of the response distribution: “promoters” and “detractors.” Often focused on organizational hierarchy and individual responses. Advanced analytics typically limited to key driver analysis	Focused on measuring the full response distribution: mean, median, standard deviations. Leverages more advanced analytic techniques depending on the research intent
<b>Weighting</b>	Only necessary when trying to represent total company or organization-level results	Often used to ensure a representative sample and to put quota cells in proper proportions to the overall survey population
<b>Stat Testing</b>	Should use “managerial significance” as a guide	Often looking for 90 percent or higher confidence in results; higher in medical situations
<b>Key Metrics</b>	<ul style="list-style-type: none"> <li>- NPS</li> <li>- Overall Satisfaction</li> <li>- Customer Effort/Ease</li> <li>- Intended future behaviors</li> </ul>	<ul style="list-style-type: none"> <li>- Response rate</li> <li>- Sample Size</li> <li>- Margin of Error</li> <li>- Mean</li> <li>- Metrics based on research intention</li> </ul>

# The Greatest Weakness

I've been in the market research business for more than 25 years, and for just as long if not longer, this industry has struggled with “earning a seat at the table” when business leaders are making strategic decisions. VoC and CX programs face the same struggle. In fact, before COVID-19, Forrester predicted that 25 percent of CX practitioners would lose their roles due to an inability to prove their efforts' ROI.\*

This highlights the biggest weakness holding back both market research and VoC programs: the vast majority of practitioners don't frame their results or conversation in the language of business. I saw a post on LinkedIn recently (apologies to the poster as I cannot find it again to give credit where credit is due) that stated “market researchers speak in terms of response rate and margin of error or statistical significance, CX practitioners talk about NPS or OSAT, but business leaders talk about dollars.”

I am a big believer in the four economic pillars we discuss with clients all the time: customer acquisition, customer retention, cross-sell/upsell, and lowering cost to serve. Whether it's VoC or market research, tying your work to at least one of these pillars or customer lifetime value will reframe how your role is viewed and earn you that seat at the table.

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## **FOUR ECONOMIC PILLARS:**

### **1. CUSTOMER ACQUISITION**

### **2. CUSTOMER RETENTION**

### **3. CROSS-SELL/UPSELL**

### **4. LOWERING COST TO SERVE**

# Outcomes

Every company needs to use both VoC and market research techniques to help drive a strategic agenda. However, every brand also needs to be thoughtful about when to use each approach. With VoC or customer feedback, you should always practice an outside-in, conversational approach that focuses on what's

important to customers, not an inside-out method that forces a customer to respond to what is important to each department. Finally, remember that, in customer feedback, every voice matters!



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