Voice of the customer

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Introduction

Progressive Solutions International (PSI) is a Microsoft Gold certified partner. As part of the partner programme PSI was invited to meet with the marketing consultant advising the Microsoft Dynamics programme and complete a simple diagnostic exercise to evaluate how PSI uses marketing to further business success.

The consultant recommended a number of tools and techniques deployed by Microsoft including a simple informal exercise called 'Voice of the Customer.'

The aim of Voice of the Customer is to talk directly to customers to harness the needs, pains and wants and so shape a marketing communications approach.

Without talking directly to customers to understand their true needs and pains, marketing propositions and supporting campaigns are rarely effective because they do not revolve around the issues that are most important to customers. The result is that collateral can become a long list of features that mean little to the recipient or may carry inappropriate sales messages about what the company thinks the customer may want to buy.

Methodology

PSI holds annual customer events. In May 2010, the company held two events at Runcorn and Reading. As part of each event a small number of customers were selected on a random basis and undertook ten-minute interviews to try and gauge opinions on a broad range of industry matters and to understand a little bit more about how the customers use of PSI's products and services.

The interviews drew upon a series of ten questions. Five questions on broad industry matters and five questions related to PSI and its products and services. The questions were researched and also based on work undertaken by Deloitte and Touch that considered the reasons that customers buy or replace their computer software solutions.

The exercise had three aims:

- It provides feedback and content for relevant customer communications and to be used to create compelling sales and marketing messages
- It reveals how Progressive Solution's customers go about finding IT solutions and so future campaigns can be designed to exploit this
- It improves communications and enhances relationships with customers.

The interviews were conducted on the basis that none of the findings would be attributable to any individual and/or company and are therefore presented in a commentary report format. Interviews were undertaken by third-party consultants who were paid for their time.

Summary

The customer base is entirely focussed around the downturn and the recession and what that has meant to them. All of the companies are at a different point on the 'curve' but share a sense of optimism and are planning for when times are better.

They see the main differentiation between themselves and competitors as customer service. The main challenge they face is simplification so they can achieve the service they need whether that is differentiated by cost, product, speed, etc.

Software is a key enabler and the purchasing decisions mainly revolve around the functionality and the fit to the business. In other words, the alignment between the functionality the software offers and the benefits it delivers. The sector purchases differently from other IT users demonstrating the highly specialised areas in which merchants operate.

The relationship with PSI is very positive and the choice is often down to the relationship between people both during the purchase and ongoing relationships. PSIs extensive knowledge and experience is a formidable attribute showing it as leading the sector. Also its willingness to evolve and involve being literally 'progressive' is fully recognised.

bisTrack is acknowledged as a leading product with a huge potential that many of the customers want to learn about and tap into and so ongoing education and development is key.

Findings

Aims and vision

Without exception ***merchants, when asked to describe their strategic aims and vision for their business,*** depicted a scenario that suggests that customer service is the overriding consideration and seen as THE differentiator in terms of strategy.

Many made reference to the 'hard times' and the impact that had upon their business with some reporting decreases of sales of up to 25%, 'kerbed' investment, employee redundancies and loss of customers.

The main strategies are therefore all about surviving the downturn (there was quite some comment that the recession will continue) and gearing up for the period after the recession. Without exception, everyone believes there will be an upturn but the response to our questions varied dependent on the individual's point in the cycle reached. However, the strategies all had a sense of optimism and many merchants shared their ambitions through visionary statements that related to expansion and the development of new markets. There was comment that more consolidation will be seen in the sector including mergers and acquisitions.

There was some contrast here between merchants who had sought to recruit people and those who had to let people go. Redundancies is seen as a major and continuing challenge which in turn had led to issues with employee morale and some unease and uncertainty.

Without question the number one strategic aim of merchants is exceptional high quality customer service. IT was cited as a key enabler of that aim.

> *"…We're focused on customer support, a customer driven business, committed to what the customer wants – e.g. next day deliveries…"*

Business challenges

In seeking to achieve their vision and strategic aims ***the biggest challenges facing business*** seemed to be finance. Some businesses reported they had been 'hit hard' and investment had been stopped in many areas. Reduced spend therefore led to reductions in training therefore leading to possible damage to customer service. Reduced cash flow impacting profitability and pricing and the general economic situation had restricted many plans.

Another issue highlighted is the number of customers going out of business or changing their buying patterns.

The competitor scenario varied but a prime site location is cited as a main aspect of marketing whilst differentiating through customer service and value e.g. the varied demands of customers some seeking the pile high and sell cheap purchase and some looking for the value added, with different demands from each type of customer. Competition is fierce with evidence of price undercutting. Those selling high quality products faced difficulty in making customers understand the value and that products are worth the price.

A secure supply chain and the global effects of the recession from materials to logistics to costs to exchange rates means it is a challenge staying ahead of the game.

Simplification

The best ways to simplify the life of a merchant are aligned to the basic needs of the customer — offer the right product, served by the right people, at the right price.

> *"…The best ways to 'simplify life' is to focus on the basics so you can get things right first time. Then customers can go out with what they want…"*

Merchants cited the need to keep a close control on costs and sales, so they are aware of the potential impact of any problems and can make decisions to head them off!

Stock control was a recurring theme and the use of IT in the process to manage stock, purchases, credit and information.

The supply chain needs simplifying — there is a need for a reliable and consistent supply. Stock control needs to be easy to make sales as simple as possible. If merchants can do all three (supply chain, stock control, sales) efficiently, then they achieve success.

In the sector, the factors that differentiate successful companies from the competition are summed up as price (value), customer service and flexibility.

Customer focus

Commitment to the customer, going the extra mile and delivering are key attributes and virtually all people canvassed referenced the role played by their employees and their vital contribution to customer service. Service is often down to 'attitude' and even how well they 'smile'. The people who offer customers a truly personal service — whether you are a 'one man' organisation or a big company — whoever seems to be more interested in customer needs will win.

The key to much of this are the employees who need to be a harmonious team and eulogise about how great the company they work for is, and how much they love it, and what they are trying to achieve and how they will go that extra mile for the company, by association, they will go that extra mile for the customer too.

It was agreed that good service, quality, commitment and a word often repeated is reliability.

> *"…We're all there to make a profit so you need to look after those customers who look after you…"*

A number of companies used the same word – consistency – as the **key attribute they look for in a supplier to their company.**

Reliability and positive relationships is key as is good communication and the availability of people to talk to when there are issues. A secure supply chain is seen as vital so "we can still get tomorrow what we can get today".

Crunch points

A number of people accentuated that the 'moment of truth' in a relationship with a supplier is where there are problems (and there always will be), how they are resolved is the important judging factor.

Good suppliers are seen as willing to develop a proper partnership, not 'here today, gone tomorrow,' and that willingness to bring something and add something extra to 'the party'.

There is also a matter of suppliers reflecting the corporate values of the buyer and so if cost is a key determinant or prompt and reliable payments is the most important aspect then the supplier must also follow that same corporate value set.

In essence, price, brand reputation and quality are seen as important. But above all else the most mentioned factor is the aspect of people.

> *"…(We) like to deal with people, not faceless machines…"*

As part of the exercise we examined how merchants purchased their software and what criteria they applied. In making such purchases. We based the exercise on one undertaken globally by Deloitte and Touch from a sample size of 1,500 respondents and not sector specific. The original survey returned results for first time purchase and then examined if buyers would select different criteria when buying again. Figure one sets out the results.

Figure One — Selection criteria for software, first and second time

Top 10 Purchasing Criteria for Selecting Software - First purchase versus second purchase*

2nd Time	1st Time	Criteria
1	8	Support provided by the Partner
2	10	Vendor's track record of success
3	4	Software's ability to fit the business
4	7	Growth Potential of the Software
5	1	Price of Software
6	9	Quality of Documentation
7	5	Functionality of Software
8	3	Ease of Use
9	2	Ease of Implementation of New System
10	6	Software works with existing Hardware

The PSI survey used the same criteria but from a much reduced sample size (approximately 1% of the original). In some respects the exercise has little statistical validity in comparison with the original data; however, even at this reduced sample size we found a strong pattern emerging and are able to derive interesting variances that may be worth debate within the merchant sector. Figure two sets out the table of results with the main exercise (D) compared to the PSI version (P).

Figure Two — Selection criteria for software, Deloitte and Progressive studies

Criteria	D1	P1	D2	P2
Software's ability to fit the business	1	2	4	2
Growth potential of the software	2	4	7	5
Price of the software	3	5	1	6
Quality of the documentation	4	7	8	8
Functionality of the software	5	1	5	1
Ease of use	6	3	3	3
Ease of implementation of the new system	7	6	2	4
Software works with existing hardware	8	8	6	7

Source: Deloitte and Touch conducted a survey of 1,500 companies all of which had to replace systems purchased during the previous 24 months. PSI conducted a similar survey with 20 companies across two events.

The point of most interest and interpretation is that of functionality and 'fit to the business' being the defining criteria for merchants. Clearly this would suggest that the 'specialism' of the sector and being able to match that with knowledge and software solutions that can deal with the complexity are far more critical than price.

The ease of use is also a key aspect, given other findings within this exercise that demonstrate the key aspect of service and the role of employees. The 'counter' experience is quite simply the most important aspect and the software solution has to be able to deliver that experience as well as equivalents through the entire process and value chain (e.g. stock control, credit control, etc).

The relatively low comparative positions of documentation and fit with hardware suggest that these are 'givens', that are expected to be delivered as part of the solution rather than key decision points within a purchase. The first and second time decision points are more aligned in the PSI survey although this may suggest that most people asked are more consistent in their purchasing decision criteria (please note the exercise was designed so that it was not possible to compare answers and so the similar positioning is from a genuine selection rather than a default).

Relationship with Progressive Solutions

We spoke with merchants to understand why they choose to buy from Progressive Solutions International.

> *"…We still have conversations with branch managers who say 'remember the good old days?'…(What they mean is)… It was all on paper in the 'good old days'!*

> *"…Now with price books and stock on line and indicators etc they simply can't take anything for granted! Smart views have made life simpler for us, we used to write reports but the beauty now is the integration with bisTrack data.*

> *"…To keep processes as simple as possible, before bisTrack everything was very longwinded, a lot of handwritten processes, now there are less steps, time is being saved, particularly when processing stock transfers…"*

Merchants first come across Progressive Solutions International in a variety of ways. A number of people suggested that they had picked up on the company through a general awareness within the industry or through coverage in trade publications, features or advertisements. On line searches had been used and also some noted what software their competitors used. A number of long standing customers had been introduced through a direct sales encounter, a third-party consultant and one through a reseller. One or two merchants had researched the IS supplier sector before long listing.

Searching for a new software solution

In virtually all cases, merchants researched the market even looking at multiples of companies and long lists of ten or more before short-listing. In all cases PSI made the final two or three. Some cited the desire for a 'Windows based system' that would promote familiarity and ease of use with a workforce conversant with Microsoft systems.

In terms of why people decided to buy from PSI: price was mentioned but overall there were two factors. The first being the functionality and the second, fit with the business.

> *"…It was the right product. No other product could do the job…"*

In three cases the decision often came down to PSI and Kerridge but in the end it was cited that PSI wanted it more.

> *"…Also we liked the people we were dealing with…"*

People and product

Overwhelmingly the decision always had a third dimension and came down to people and personality, the team employed and the confidence this created.

Overall there was a real recognition of ***the benefits of working with PSI*** and acknowledgement that PSI aims to be the major player and accepted industry standard software. A common theme kept emerging about the team and the openness and customers pointed to the forums as a great example of that approach.

> *"…PSI wants to push the software on without customers pushing them to do it…"*

The benefits of dealing with PSI include the relationship with and responsiveness of the team, the flexibility of the software and its position as a 'modern' platform.

> *"…The personal attention from people I have built up a relationship with over the years…"*

> *"…Benefit is that we have developed a proper partnership over six years and they understand how we operate. Also we have developed strong personal links which helps with issues…"*

> *"…bisTrack is viewed as a great system and it 'does what it says on the tin!'*

The variable size of companies using bisTrack is mentioned in that the growing user base and large user companies keep driving the software forward which benefits smaller customers.

> *"…It's good that you are continually expanding your customer base so functionality is being added all the time…"*

> *"…Ownership of the software is in the hands of the users…"*

Could do better?

In consideration of what PSI could do better the most common theme is that of unravelling the complexity of the technology. This is described as bridging the gap between what the software does and what you know it can do!

In other words, the type of guidance, training, development and 'handholding' PSI can offer to exploit the full functionality of the software on an ongoing and structured basis.

It is suggested that PSI needs to move to a single account manager model forming one point of contact. One customer suggested a process of regular reviews of all outstanding issues during implementation then a monthly checkpoint.

Support for other products such as Crystal and a customer also identified SQL as an issue, as they didn't think there was anywhere to turn to get assistance.

In some ways the area for improvement is bisTrack becoming a victim of its own success.

> *"…Too much to take in…"*

> *"…(It's like it – the knowledge) is passed down from father to son around the campfire…"*

The potential use for bisTrack is perceived as 'massive', and the 'problem' is the customers have a thirst for more and to keep up with the evolving product. Some asked for PSI to be involved in end user meetings and to conduct more sessions on how better to use the features. One customer is using a consultant as they don't feel PSI can provide that level of support.

> *"…Our MD doesn't want to be patient! He wants it all…"*

REPORT ENDS