

Smart Data

**REPORT 3: SUSTAIN RELATIONSHIPS BY
IMPROVING CUSTOMER EXPERIENCE**

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SMART DATA REPORT 3: SUSTAIN RELATIONSHIPS BY IMPROVING CUSTOMER EXPERIENCE

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About the report

Boiled down to one word, the message of this report is “listen!” Use your ears – and your heart. To paraphrase Antoine de Saint-Exupéry, “It is only with the heart that one can hear rightly; what is essential is inaudible to the ear.” Who should you listen to? Your customers and the people employed in all levels at your company.



Anton Jolkovski
Managing Editor
WAN-IFRA

That might seem like an odd message for the last report in a series about data. Aren't we getting into “touchy-feely” territory here? Can you really achieve quantifiable results – boost your company's bottom line – by harvesting information about **people's emotions**? Yes, you can.

Xavier van Leeuwe and Matthijs van de Peppel of NRC Media in the Netherlands learned a lot about listening in the last few years. They put their lessons to work to improve NRC's bottom line, and they share those lessons in this report.

As mentioned in the first two reports in this series, NRC's leap into data and analytics was assisted by Mather Economics of the USA. Together with Matt Lindsay of Mather, Van Leeuwe and van de Peppel have written a book about their experiences and generously allowed us to publish excerpts in this series of three reports.

The first report, subtitled “How to make data work for your news organization,” is available at www.wan-ifra.org/smart_data_report1. The second report, subtitled “Building valuable relationships,” can be found at www.wan-ifra.org/smart_data_report2.

While the first two reports focus on “listening” to customers and staff members by means of bits and bytes, this one will inspire you to sit down with those people to find out how they really feel about your products and services. Yes, it is time-consuming, but necessary. In fact, it is unavoidable if you are serious about sustaining and improving relationships – the core of your business – by **improving customer experience**.

When it comes to what the customer is actually experiencing, data tells only half the story, as described in the first chapter.

Interestingly, if you involve people at all levels of your organization, the relationships you will sustain and improve are not just those with your customers. The common goal of upgrading interactions with your products and services can knit your staff together more closely too. It can form bridges among departments and **break down silos**.

Turning feelings into financials

Van Leeuwe and van de Peppel describe how they implemented **service design**, a focus on customer needs, and techniques for measuring the impact of emotionally-driven factors – and achieved black-on-white financial benefits. They describe in detail how you can implement the d.school methodology from Stanford University, originated by the Kelley brothers.

Also illuminating and inspiring are **case studies** from a U.S. metropolitan daily newspaper and a large international bank.

As asserted at the beginning of this text, effective listening consists of far more than ingesting the literal contents of what another person is saying. The authors describe how they learned techniques of active listening, which can bring out much deeper feelings that can help you improve your products and services.

Your customer is providing your **bread and butter** – so go find out what makes him or her tick. If you keep an open mind and follow the advice in this report, the experience will return more benefits than you might anticipate.

Takeaways

Data analysis is not the only important field of expertise in the Relationship Economy we live in. Listening to real people is just as important, because **human emotions don't show up in weekly reports or analyses**. This third report in a trilogy on data and customer experience explains how organisations rise to a higher level by stepping into their customers' shoes. Ideas are included on how to bridge organisational silos and get leadership support. You will also learn how you can keep your relationships going by giving them ongoing attention.

Chapters 3 to 5 of this report hand you instruments from the field of customer experience to understand customers' needs, develop better products, improve processes, and enrich data insights.

What you can learn from this report:

- Listening to real people complements monitoring data.
- Understanding customers' deeper needs will lead to better decisions.
- Once you've been in your customer's shoes, you can't go back.
- Belief in customer experience has the power to break down silos.
- Management must be **personally** involved in customer experience projects.
- Customer experience is not a "soft" quality; it can increase EBITDA and the number of relationships.
- Maintaining relationships doesn't have to cost a lot of money.
- Be sure to **track** the performance of relationship-building initiatives so you can evaluate performance and ROI.
- Brilliant basics and a high-quality product come first; special surprises come second.
- The d.school method ensures that your process or product is based on **real needs**.
- Ask broad questions in service design so customers lead you in the right direction.
- Become an active listener by reflecting the feelings behind what has been said.
- Make a needs matrix if a situation is **complex** or many stakeholders are involved.

Chapter One: Sit Down at the Kitchen Table

When I pressed the doorbell of the apartment of one of our customers, I felt tired. My work day had been really busy, and I had just travelled two hours through rush-hour traffic to the city of Rotterdam to do this interview after work. I would probably not be home before midnight. But my mood changed when I entered the apartment, which was filled with works of fine art and designer furniture.

My host, one of our readers, was most welcoming, inviting me for a drink at his table while we talked about what role our newspaper played in his life. He loved the content but was very critical about the communication. After 25 years, why had we never contacted him before?

He showed me the only thing he received from us: a yearly invoice. It stated the amount to be paid and nothing else. And that amount was quite strange: it ended in cents (our subscription fees are in round euro amounts), and the amount varied every year.

“Is that because I had a vacation stop?” he asked. “Do you subtract those days from my invoice, or do I receive more papers later on?” I looked at the invoice and didn’t have a clue. He went on, “Because of these vague prices, I decided to visit your web site to check what the right amount was, only to find out that you are offering lower rates to new customers. That totally enraged me. If you had not visited me this evening, I would probably have stopped the subscription.” Although the invoice turned out to be technically correct, we were losing customers here without realising it.

It may have felt like extra work before I entered the home of this subscriber, but I am really glad I met him personally. We now touch base regularly, and he keeps showing me where we are doing the right or wrong thing. In the ivory tower of the office, we are all too often unaware of what customers are experiencing in the field.

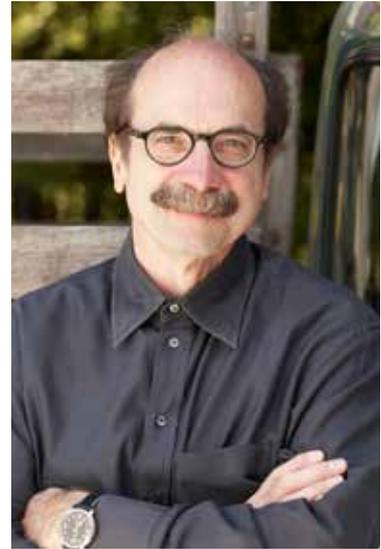


Xavier van Leeuwe

Director Marketing and Data
NRC Media, The Netherlands

Data tells only half the story

The road to that customer's apartment really started at a conference where **David Kelley** of Stanford University (*in photo*) explained the course he built that showed non-creative businessmen how to become creative and design better experiences for their customers.¹ This is the man who designed the first mouse for Apple. His breakthrough ideas have transformed business, government, and health care. And what did it take? **Empathy.**



We discovered that listening to real people complements monitoring data. Solely through the data, we never would have found out that an invoice that was technically correct – but confusing for customers – could end the relationship.

When we combined data analysis with empathy for customers, we developed better insights into adjusting business processes to strengthen those relationships.

Understanding your customers' needs

When we determined that building relationships was our main goal, it didn't take long before improving customer experience became a top priority. We started by improving some basics, like triggering a confirmation e-mail when a customer filled out a complaint form on the web site and simplifying the process of creating a digital account. Those simple things had never received attention before, because the experience of our loyal customers was not really our concern – we were always **too busy acquiring new customers.**

The tangible improvements resulted in an immediate drop in the number of customer service calls, a more top-of-mind position for the subject of customer experience in the company mindset, and a wish to better understand the feel-

¹ Tom and David Kelley, *Creative Confidence: Unleashing the Creative Potential Within Us All* (2013).

ings of our clients: What do they expect from us? What role does NRC play in their lives? What frustrates them? What do they value?

With the help of the Rotterdam-based company Livework, we discovered a method to explore those kinds of feelings: **service design**. Chapters 3 to 5 of this report deal with customer experience tools and contain a step-by-step guide to understanding the deeper needs of your customers.

Building empathy for customers starts with being needs-focused, with going beyond studying behaviour and starting to understand the beliefs and attitudes behind that behaviour. You could call this the part of the iceberg that is underwater. Sometimes, customers have hidden needs that aren't met. It is all about stepping into the mind of your customer. If you are reading their diaries, visiting their house, and sitting at their kitchen table, they will share all their positive and negative feelings about your product and service.

We experienced that when you have put yourself in the shoes of your customers, the people crawl under your skin. You can't forget them once you are back at your desk. They seem to speak to you from time to time when you are making decisions that will affect the daily lives of customers. That is why we recommend that these interviews take place regularly and be conducted by everyone from customer-facing agents to board members, and those in between. Whether you're from finance, sales, service, production, or accounting, you can all learn from your customers. When more employees have truly empathised with customers, those employees will take that experience back to their daily work, and the company **culture will start to change**.

Breaking down silos with customer experience

Getting customer experience on the agenda can do a lot of different things for your company. First of all, it improves relationships with clients – but it can also help you to get silos aligned. Customer experience is not a department or a function title. It's more like a shared belief, and most of your co-workers will be open to doing things for customers, because in the end, the customers are paying for your daily bread. For that reason, customer experience has the power to break down silos. You can invite everybody in the company to join a project and share their knowledge about customers.

Overcome resistance

There is also a hidden downside to the power of customer experience. Because it's not the primary responsibility of any one person or department, there can be resistance to taking on the subject. We experienced three kinds of resistance:

- “We are all busy without the extra work.”
- It's perceived as touchy-feely and costly.
- Experts prefer to listen to their inner voice.

What can you do to overcome those forms of resistance?

Management should be personally involved

The difficulty with assigning everyone to improve customer experience is that it's a task in addition to their regular work. Nobody is opposed to good experiences for customers, but employees will protest that more work is being added to their already full to-do lists. Overcoming that resistance starts with management. It is middle management that makes or breaks a change in culture towards customer-centricity. They have to believe in it, put the subject on the agenda, and be personally involved in getting to know the customers – because if managers don't invest time in customers, why should other employees?

Make the subject as hard as steel

When trying to overcome resistance to the extra workload of improving customer experience, it is possible to immediately walk into another form of resistance. Customer experience appears to be “soft” – a “touchy-feely” subject about emotions. That's why it's often disregarded by top managers. Why should you invest any money and time in “cuddling”? We have a customer service department, right?

One solution is to make the project measurable, so you can show its impact in numbers. For example, you could introduce KPIs such as a Net Promoter Score². Sometimes it's even possible to make a business case as hard as steel, as we did with our welcome programme.

To improve the experience of new customers, we started a pilot programme in which we called every new subscriber and tried to engage them with our digital products, while also checking whether delivery of the newspaper is going as planned and if they were happy with the product they chose. This project had to result in a 2.6-percent drop in cancellations of new subscriptions if it were to earn back the cost of the calls. In fact, the pilot resulted in a 3.8-percent drop in cancellations, which meant the **business case was positive**.

If we implemented this as a standard operating procedure, we would have 1,500 more relationships, a gain of 50,000 euros on the bottom line, and improved customer experience – all at the same time. Those kinds of hard numbers help generate trust and support at every level of the organisation.

2 The Net Promoter Score (NPS) is a metric indicating customer loyalty between a consumer and a provider. The NPS is calculated based on responses to a single question: How likely is it that you would recommend our company/product to a friend or colleague? The scoring is based on a scale of 0 to 10. The NPS is calculated by subtracting the percentage of detractors (score 0 to 6) from the percentage of promoters (score 9 or 10).

RETENTION NEW SUBSCRIBERS (NRC)



Retention of new subscribers with and without a welcome call.

The 3.8-percentage-point higher retention rate makes a positive business case and translates to 1,500 additional relationships per year.

Train yourself and your colleagues in active listening

The notion of listening to customers may encounter resistance from experts, especially when they see themselves as responsible for enlightening and surprising customers. Experts tend to strongly believe that innovation is instigated by brilliant individuals who ignore customer input and rely on their prophetic vision for a better future.

There are two famous quotes that are often used to illustrate why it's not smart to listen to customers. Henry Ford once said, "If I had asked people what they wanted, they would have said 'faster horses'." Steve Jobs said no customers realised they wanted the iPhone before they saw one. The point of both quotes is that most people don't know about technical innovation and cannot tell what a future product should look like. And that's absolutely true. Customers are not technical experts; that's why customer experience research is not about the specific features of a product.

Customers do, however, know what they need in their lives and what they expect from companies, provided you ask them the right way. Henry Ford probably knew from his customers that they would love fast, reliable, and comfortable transport, and Steve Jobs knew his customers wanted to have the internet in their pocket. This is also illustrated by a lesser-known quote from Steve Jobs: “Get closer than ever to your customers. So close that you tell them what they need well before they realise it themselves.”



So how do you get creative, highly specialised, and brilliant individuals interested in connecting to customers? This can be a really difficult process, because people are who they are, and changing anyone’s way of working and thinking is very tough. But it is possible. We taught the skills of listening and understanding the needs of other people by following an empathy course and practising active listening in the framework of **Thomas Gordon (in photo)**.³ We trained ourselves to figure out what somebody else really feels, deep inside. This training helped us interview customers about their needs and empathise with them. We enriched our inner voice with the voice of the customer.

Techniques for active listening are described in chapters 3 to 5. We also included a tool we created called the **needs matrix**. It incorporates active listening to solve complex business problems with the inclusion of every stakeholder.

³ Thomas Gordon, *Leader Effectiveness Training* (1977).



Case study: How Rabobank invested in the start of the customer relationship

By Livework Studio Rotterdam, with Erik Roscam Abbing, Nick Poldermans, and Marit Coehoorn

Objective: Understand Rabobank's start-up customers

Rabobank is an international financial service provider operating on the basis of cooperative principles. One of their marketing managers was having trouble pinpointing the challenges, needs, and wishes of customers in the start-up market. Rabobank's share of that market was under pressure. Also, new business clients often generate no revenue over the first couple of years, so there is little short-term profit. Thus the importance of this group of customers was overlooked.

Approach: Getting to know them

The project lasted four months and consisted of two phases. The “understand” phase revolved around extensive qualitative research into both current and potential customers. The “focus” phase consisted of creating new service concepts and building internal understanding. After diving into all the existing research on those customers, we recruited 16 people, with different demographics and from various industries, who had recently started a business or were planning to do so.

Although these conversations were prepared and scripted to some extent, they were highly explorative, open-ended, and informal. We took great care to ensure that each interviewee felt comfortable **sharing deep emotions and personal experiences**, such as their failures, fears, and frustrations. Participants described, among other things, their struggles when making the life-changing decision to start a business. They explained how they coped with the uncertainties and pitfalls of setting up a business and discussed their dreams for the future.

Presentations, business cases, and videos of these entrepreneurs turned out to be essential company documents that engendered commitment from the internal stakeholders at Rabobank. The findings resulted in four profiles of start-up entrepreneurs. The marketing team used the different profiles and their characteristics to define projects to improve the approach to these customer groups. They presented these projects to their managers, with a pitch, a roadmap, and a business case. Ten top managers joined for a final presentation in which the insights were presented and the proposed projects were pitched.

Result: A completely new marketing strategy

Those insights became the basis for all new projects at Rabobank aimed at the start-up market and have been shared with almost all managers at local banks in the business sector. The Rabobank marketing manager reached 120 managers with live presentations and handouts. The project outcome also resulted in a marketing strategy and campaigns that combined service design with marketing. We called this “**marketing as a service**”. New product and service ideas are still implemented on a continuous basis. The impact grows continuously, and customers experience this first-hand.

Chapter Two: Keep Investing in Relationships

When you get into a relationship with a special someone, you might not be equal when it comes to the money side of things.

For example, when I met my wife, she already had a serious job and brought in a grown-up salary. On the other hand, I was still in university and was eating beans and tomato sauce at the end of the month. We really liked each other, things were getting serious, and we went out a lot. And she paid, most of the time.

The one thing you don't want is your financial situation messing up the equality in your relationship. To prevent this from happening, I gave small gifts once in a while, to surprise my wife and show her my affection. It didn't take too much effort or money, but it paid off big time - we are still together.



Matthijs van de Peppel

Manager Data Intelligence & CRM
NRC Media, The Netherlands



The catch-22 in subscription businesses

In relationships between a company and its customers, things are not really different. Customers want – and deserve – appreciation, especially when they are paying recurring fees. Many subscribers read the newspaper for 20, 30, or 40 years, spending hundreds of euros or more, and **never hear anything**. They get no discounts or presents, while at the same time huge promotions are offered to new subscribers. That frustrates the existing subscribers and seems dishonest to them. And you know what? Their impression is correct.

However, if we wanted to reward all these loyal customers with, say, a mere 50-euro discount, it could instantly bankrupt the company. And that discount wouldn't even be satisfying for those customers if it were smaller than the discount for new subscribers. Nonetheless, we need those discounts to encourage new customers to sign up, because in the future they will be the ones paying full price and keeping the business going. From price elasticity analysis and testing, we know that the influx of new subscribers will dramatically decrease if we stop giving discounts. It feels like a catch-22. There is no solution, because you need the money from your relationships, and you don't have the money to give anything back.

How to invest in current relationships without going bankrupt

This sounds like the situation between me and my wife in our dating period, doesn't it? NRC realised the same thing, and we started to think about ways to give little presents to our subscribers.

We did a lot of qualitative research in d.school sessions (explained in detail in chapter 3). It turned out that our subscribers were not necessarily looking for a discount. Most of them are quite wealthy and don't really care about that. It was about showing attention and gratitude for their business, and money is never the best way to show gratitude. If I had given my wife 10 euros once in a while instead of flowers, I doubt she would be my wife today. Subscribers told us they just wanted **sincere attention**, and if we gave them a present, it should be related to the newspaper.

The first thing we did was to just start saying “thank you” every once in a while. We developed an automated e-mail campaign that sends a message from our editor-in-chief on subscription anniversaries. So once in a while, readers receive an e-mail, just a short message to thank them for their trust in our company, sometimes with a free NRC e-book attached.

What we also did, in cooperation with the head of the service department, was empower our customer service agents to send personal, handwritten notes to customers. We sometimes sent them to people who had a problem with the newspaper itself, such as a delivery issue. But we also sent them to subscribers who faced challenges in their personal lives (like stopping the newspaper because they lost their job).

Those things are quite simple. They **don’t require large investments of money** or time, but they do make a huge difference to our relationships. For the first time in history, our department started to receive fan mail from subscribers – letters with phrases like, “My sincere compliments for the customer-friendly service. Great how you handled my holiday break!”

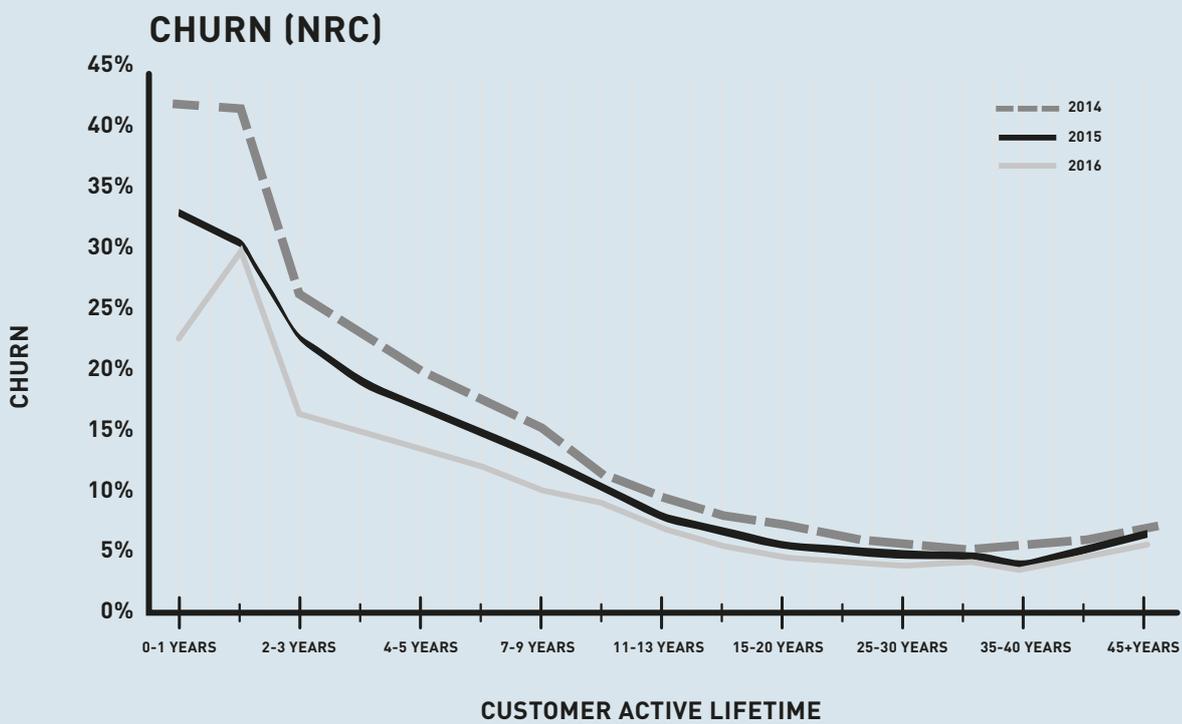
When you take it one step further, you really start investing in relationships and implementing services that cost you money but build relationships. That’s what we did with the holiday service. We got rid of the service fee for pausing delivery, made sure that customers kept their digital access when they are on holiday (even if they weren’t paying at that moment), and started to promote the free pause service in the newspaper. The number of holiday breaks increased by 23 percent, which meant less revenue and lower audit-bureau circulation statistics for the company. But this is what it takes to build long-term relationships.

When those investments pay off

All those things will help improve customer satisfaction and decrease churn. However, there are two other things that are more important than delighting your customers:

1. **A good product.** If your product is bad, your customers won’t be happy, regardless of what you do in communication or service.
2. **The brilliant basics.** Don’t start with fancy stuff if the basics are not brilliant yet. If delivery is failing, fix that before you start sending post-cards.

If your product is good and the basics are settled, delighting customers with excellent service, sincere attention, and small gifts will result in an improvement in satisfaction metrics, such as the Net Promoter Score. On top of that, it pays off in terms of revenue and the number of relationships by decreasing churn. At NRC, churn rates dropped to an all-time low for customers of all ages, including both new and longstanding customers (*see graphic below*).



Improving customer experience lowered churn among all customers, regardless of the duration of their relationship with NRC.

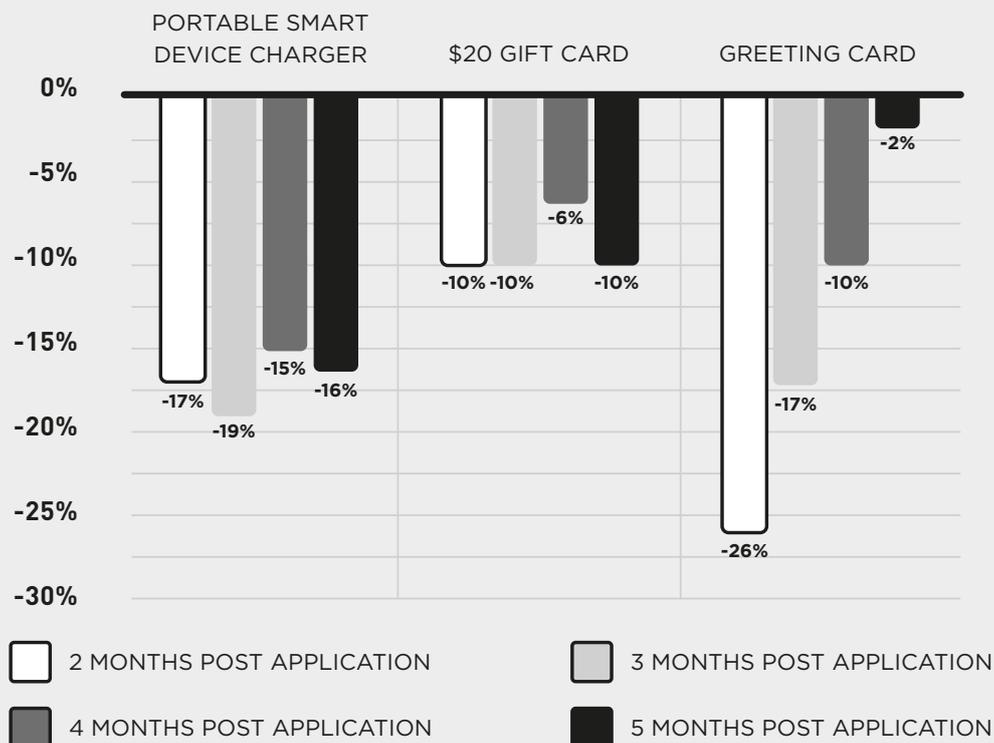
Case study: Relationship therapy for the masses

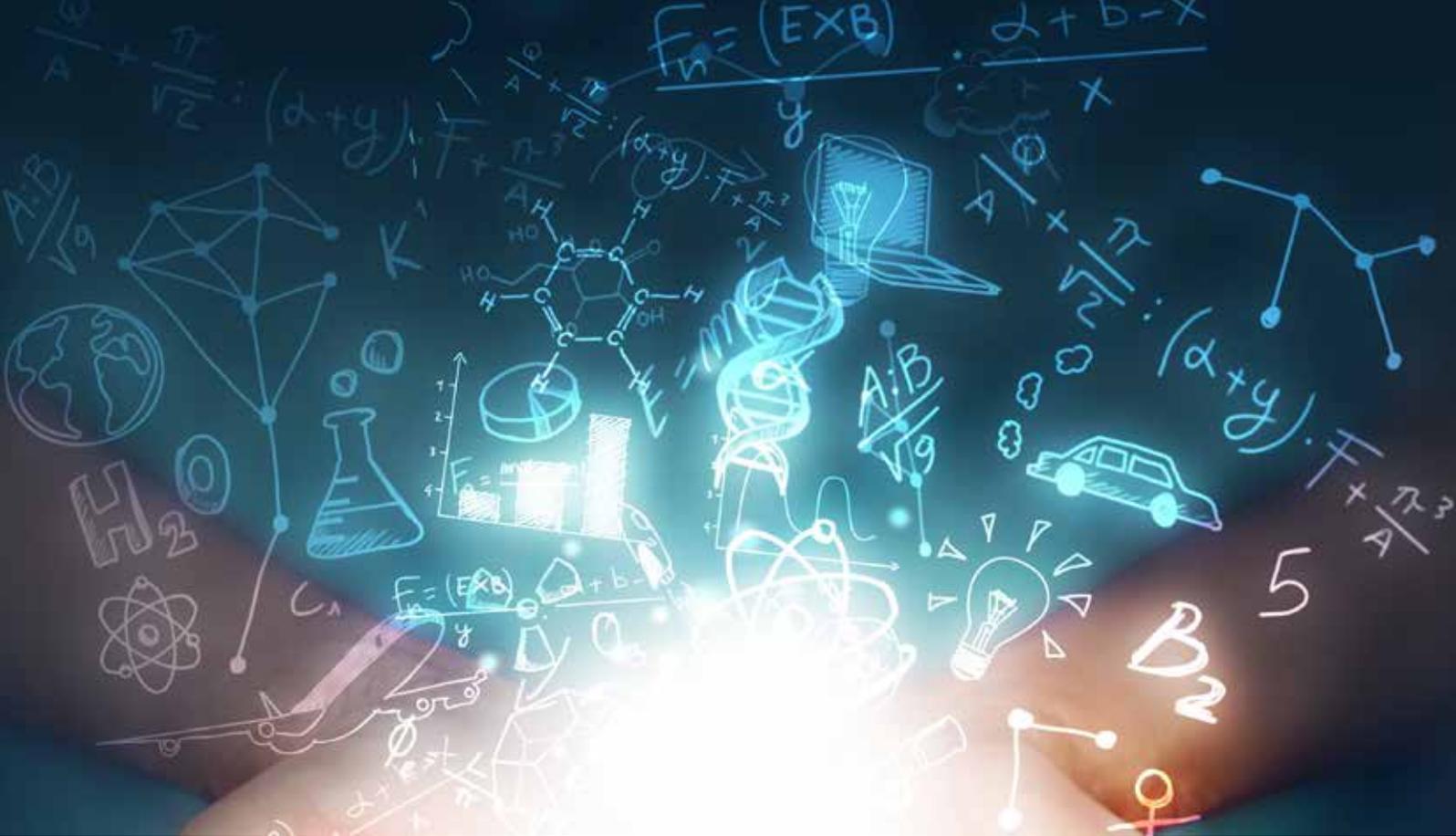
Objective: Revive a relationship under strain without suffering huge costs.

Approach: Mather Economics and Newsday re-researched the effects of various affordable gifts on churn prevention. A test was run on subscribers with the highest propensity for stopping, as identified by the prediction model Mather Economics had built. We measured the effects of three different presents on the relationship: a portable smart-device charger, a 10-dollar gift card, and a thank-you card.



Results: The greeting card had the greatest short-term effect on retention – with the quickest decline in effectiveness – while the charger and the 10-dollar gift card had larger permanent effects on retention. Weighing the various costs of the incentives and segmenting the audience further, an optimal strategy for each customer group was developed. In a follow-up test, these “**surprise and delight**” retention marketing campaigns were tested on subscribers whose churn risk increased from one month to the next. In these cases, the reduction in churn was much greater than the effect on high-churn customers who did not show increasing churn risk. As always in marketing, it is all about timing. It pays to react when increased churn risk becomes apparent.





Chapter Three: d.school Methodology

At NRC, we have regularly journeyed through the design thinking experience, applying it afterwards in the real world when designing new brands, new web sites, and a new magazine.

We use the d.school methodology from Stanford University, originated by the Kelley brothers.⁴ All material is available free of charge at dschool.stanford.edu. Here is a brief explanation of how you can conduct your own d.school.

4 Tom and David Kelley, *Creative Confidence: Unleashing the Creative Potential Within Us All* (2013).

Define the assignment

First, there must be a clear assignment from an executive sponsor, who defines the central issue of the design challenge. This assignment must be specified in terms of an experience needing to be redesigned. For example, instead of asking how to redesign the sharing *function* on the web site, it is better to ask how to redesign the sharing *experience*. This will bring stories to the surface about sharing, with all the emotions attached to that experience. It will focus the group on user needs rather than functions or features.

Compose the group

When the assignment is clear, the next step is organise a group of people. There must be at least two people, of course, but there is no maximum number of participants. If everybody is to share their thoughts with the entire group, it is better to not exceed 10 participants; otherwise sharing will take too much time. Because activities in the d.school sessions are paired, there must be an even number of participants. In our experience, it is best to pick people from **very different disciplines** and backgrounds and to include real customers. The more extreme the user, the better the input, because the goal is to explore new horizons, and a diverse group will generate broader new ideas. There is no hierarchy in the group, but there is a facilitator who ensures there is an internet connection, a large screen, and a projector with audio capabilities.

Arrange facilities

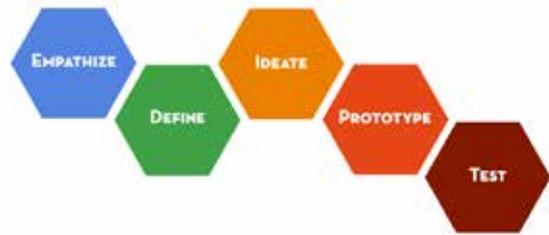
Arts and crafts supplies to build prototypes might be provided. Printed hand-outs, available at dschool.stanford.edu, are indispensable.

It helps to be all together in one very large room, for both group discussions and one-on-one interviews. If the room is not big enough for the latter, it is better to have extra accommodations for sessions involving two people.

d.school session

At the d.school session itself, the group is divided into partner teams of two and proceeds through five phases: Empathise, Define, Ideate, Prototype, and Test. It should be possible to cover all the phases in one or two working days.

To start the first phase – empathising – participants begin a conversation by asking open-ended questions such as, “When was the last time you shared information with someone?” The partner digs deeper by asking “Why?” often and asking what emotions were felt during the experience. It’s important to treat the partner as an expert in the topic he or she is talking about and to try to experience what your partner experiences. Realise that the problems we try to solve are rarely our own; they are those of particular users. By bringing empathy into the conversation, we understand who the users are and what is important to them.



Your mission: **Redesign the gift-giving experience ...for your partner.**
Start by gaining empathy.

Next up is synthesising what has been said by the partner into insights and needs. These insights will lead to innovative solutions. Needs should be phrased as verbs. What is the user actually trying to achieve by sharing information? Try to write down the problem statement.

After nailing the needs, it is time to ideate. Create as many solutions as possible to address the user’s problem. Then share the solutions with one another and listen to your partner’s feedback. Fight the urge to defend your ideas. Grasp the opportunity to learn from your partner’s emotions and motivations.

After reflecting on the first ideas, it is time to create a single, new solution and make a prototype for your partner. Make it as physical as possible so your partner can interact with it. The arts and crafts materials come in handy here. Now test it. Again, **fight the urge to defend it**. See how your partner misuses it, and learn from that.

At the end, get the group together and put the prototypes in the middle of the room. Who sees something they are curious to learn more about? Later, the group may present the best prototype to the executive sponsor. We guarantee you will present a human-centred service or product.

Chapter Four: Service Design

The service design method can be very helpful when connecting with customers and will bring their needs and frustrations to the surface.

Start with a broad question

The first step in service design is to define the actual question you want to pose to your customers. When doing this for the first time, it is best to start with a broad, central question. That way the customers can lead you in any direction, which is what you want at that point. For example: “What is the role of brand X in your life?” In a group brainstorm, you can deepen the questions you have for customers by letting different teams put post-its with their questions on the wall and present them to one another afterwards. This is the first phase of gaining empathy for customers. This usually results in several clusters of questions.

Create a diary

From those questions, make a diary for the respondents to fill out. This is done before the interviewing starts. We call this **sensitising**. This diary will get the respondents thinking about their customer experience, and creating it will make the interviewer step into the customer’s shoes before the interview is conducted.

A diary allows respondents to be creative; they can draw or write or paste stickers. It may include topics such as these:

- This is me
- What I love doing
- My working day
- When I first used your product...
- That one great moment your product made me really happy
- Here is where you disappointed me

Respondents will complete the diaries in a couple of weeks' time and send them back to you. If you have any documentation on the customer, such as product type, past complaints, turnover, or tenure, include that in your research and documentation. It is better to know the specific problems a customer has already reported when you visit them in their house.

After receiving the diaries, the group meets for a few hours and discusses each customer individually, writing down any new questions or insights that might be useful in the interview. Then it is time to go and ring the doorbell.



Interviewing

The interviews should take place in the setting where customers use your product and where they feel comfortable. That makes a tremendous difference compared to an anonymous place such as your office or a research centre. These interviews typically take one to two hours.

Here is some practical advice for the interviews:

- Personally make an appointment with each respondent.
- Go in pairs, with one person conducting the interview and the other capturing the responses.
- Talk about your own biases beforehand so you can ignore them during the interview and really listen.

- Have respondents sign a document stating that they agree to be interviewed.
- Specify in that document that responses will not be distributed externally.
- Build **rapport** directly after arrival.
- For maximum effectiveness, maintain an open and inquisitive attitude.
- Explicitly state your goals for the interview.
- Fully charge your mobile phone, and do not forget to bring a charger.
- **Capture** the interview with an audio recording app.
- Write down remarkable quotes.
- Note the timing of the quote to make it easy to find when listening to the recording.
- Write down the meaning of that quote for your organisation.
- Summarise: “Did I understand correctly that you...?”
- If you remain **silent** – sometimes for an uncomfortable length of time – respondents will talk more and on a deeper level.
- Ask people to expand on their feelings and emotions.
- Ask to take photos of anything that strikes you in the respondent’s house.
- Make a one-minute video with a remarkable quote.

Deriving useful lessons from the results

After the content of the interview has been well-documented by writing down all the quotes and what they mean to you, it’s time to get the group together and share insights. Make sure you book a room for at least three hours, with lots of brown paper on the wall and lots of post-its lying around. The different sheets of brown paper will form clusters of topics from the interviews. You can show the videos and bring customers to life. There are three things you can get from the interviews:

- A quick-fix list
- Personae
- Guiding principles

Guiding principles are things all respondents agree on. These are actually part of your brand’s DNA as perceived by customers.



The personae can be found by defining areas that differentiate your customers – areas in which there are significant differences in needs. Translate those areas to axes on which you can plot your customers. Generally you strive for two axes, resulting in four segments representing different personae.

At NRC, we found various levels of interest in interaction and identification with the newspaper and the brand. Some subscribers want to interact with us and with one another, while others don't need to interact. Some feel like they are part of the family or a group of special people; others just want high-quality journalism from an objective source.

Active listening

The technique of active listening is described in Thomas Gordon's effective leadership training.⁵ The goal of active – or empathic – listening is to understand a person's emotions and feelings. Through active listening, the listener lets the speaker know, "I understand your problem and how you feel about it, I am interested in what you are saying, and I am **not judging you.**" The listener conveys

5 Thomas Gordon, *Leader Effectiveness Training* (1977).

this message unmistakably through words and nonverbal behaviour such as body language. In doing so, the listener encourages the speaker to express themselves fully, free of interruption, criticism, or instruction.

The key thing is to say aloud what you think the other person really meant. Look for the deeper needs behind the words and try to articulate them. In practice, it's like throwing darts. You will not hit the bullseye every time, but the other person will always appreciate your attempt to understand them.

Only when you know about one another's real needs can you start talking about possible solutions to a certain problem or situation. Needs are often not opposed; it's the solutions that meet opposition. It is possible to weigh the solutions by defining the extent to which the solution fits the various needs.

When you are practicing active listening, it's important to

- Be willing to let the other party or parties dominate the discussion.
- Be **attentive** to what is being said.
- Be careful not to interrupt.
- Use open-ended questions.
- Be sensitive to the emotions being expressed.
- **Reflect** back to the other party the feelings behind what is said.

Some people find it difficult to listen actively. Guessing what another person means can make you feel as if you are admitting the other person is right and you are not. But that is not what it is about. Active listening is about checking whether you understood the other person correctly. It is an act of empathy that makes the other feel heard.

Chapter Five: A Needs Matrix

The complexity of business issues can be overwhelming. Everybody, from customers to top management, has needs that must be balanced against one another. Different departments have different interests; individuals within departments have different goals. Finance wants budget discipline, IT wants reliability, stockholders want return on investment, and employees want to feel good about what they are doing. There may be ethical questions, there are often legal aspects, and last but not least, there may be suppliers outside the company who are involved.

When designing solutions to all those needs, we developed a matrix that leans on the Gordon method of active listening. That means we try to discern the deeper need of the other person without passing judgement – just checking whether we understood them correctly.

Let's look at a practical example of how we use that matrix: After many years of success in **selling news subscriptions with an iPad**, NRC had several problems. We believed that a growing number of people were buying the subscriptions solely for the sake of the iPad. Also, there was legislation under way that would force us to present the iPad as a loan, meaning we had to effectively become a bank, with all the strict legal implications that entails. The number of new subscribers was down, but the amount of work was the same. We felt that delivery time was too long to meet current standards and that the process had become too complicated over time. Also, the number of customers not paying correctly increased sharply after years with very few problems. There was no simple solution to all of those issues. **The number of departments and stakeholders involved was huge** and included external suppliers.

First, problem solver Mira Pasveer talked to the NRC stakeholders one by one and asked what their needs were when it came to the iPad offering. She identified more than 20 different needs, which were placed in the rows of the matrix.

In the same interviews, the problem solver asked the stakeholders for hypothetical solutions. It is important to be as creative as possible with solutions. The problem solver must motivate the stakeholder to suggest **as many solutions as possible**, even ones that seem crazy. These solutions were placed in the columns.

When it comes to active listening, it is important that everyone have an equal opportunity to be heard and seen. Thus, in the needs matrix methodology, all stakeholders must gather in one room and block one hour (preferably two) in their agendas. It is better to postpone the meeting than to have a stakeholder be unable to attend the meeting in person.

In that meeting, Mira first went through the needs, row by row. Did she understand the need correctly? Did the group understand the definition of the need? Were there any needs missing? Talking about a subject in a group usually brings up previously hidden feelings. We prefer to show the matrix on a computer connected to a large screen so that we can add or change needs in real time, actively showing the stakeholder that we are listening. Solutions are then discussed in a similar fashion.

Now that everybody in the group feels listened to, it is time to weigh the solutions. We prefer to work horizontally, discussing the solutions one by one with regard to each specific need. We use **a five-point scale** ranging from double-minus (-2), meaning not at all helpful, to double-plus (+2), a great solution for that need.

The whole group must – and usually does – agree on one answer per cell. After this exercise, the solution that addresses the most needs will become apparent. Usually, we end up deciding which need must be addressed most urgently, and then reach agreement on the solution. Sometimes a combination of solutions is found to address most needs.

For highly complex issues, the needs matrix is a solution to making business decisions while actively listening to everyone. The group ends up implementing these solutions with **far more motivation** – and the ideas are typically much better – than in the classical division of brains (management) devising a solution and hands (employees) executing it.

Solutions> Needs	100 Euro initial payment	Borrow max 250 Euro	2/4 options	Continue	Stop doing	Lease agreement	Credit agreement
Acquisition of at least 9,000 per year	-1	-2	-1	1	-2	-1	-1
Less switching to iPad	1	2	0	-1	2	1	1
Simple fulfillment	0	0	0	0	2	-2	-2
Smaller difference between offers in contract and list price	-1	-2	1	1	2	1	1
Simplicity in our offers (overview for customers)	0	0	1	0	1	-1	-2
Fewer defaulters	1	2	-1	-1	1	-1	1
Not becoming a bank	0	1	0	0	1	0	-2
Sell core product (news not devices)	-1	-1	-1	-1	2	-1	-1
Customers who want to use NRC	0	0	-1	-1	1	-1	-1
Comply with law	-1	1	-1	-1	1	1	1
No fine	-1	1	0	-1	1	1	1
No bad PR	-1	1	-1	-1	1	1	1
Less work for several departments	-1	-1	-1	-1	2	-2	-2
Current subscribers have a good feeling about our marketing efforts	-1	-1	-1	-1	1	-1	-1
Wait for iPhone 7	1	1	1	1	-1	1	1
Wait and see what the bank and telecom business will do	1	1	1	1	-1	-1	-1
Scores	-5	2	-6	-6	15	-6	-2

Needs matrix for NRC's iPad offerings. Score range is -2 (not at all helpful) to +2 (a great solution).

About the Authors



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Matthijs van de Peppel has been working in the newspaper industry for over ten years. Starting his career as a circulation marketer, he quickly developed as a online shop manager, online marketer, and project manager. Now manager of the data intelligence and customer relationship management team at NRC Media, a quality Dutch news organisation, Matthijs is responsible for bringing data insights into decision making and amplifying the voice of the customer. Matthijs holds a bachelor's degree in Dutch Language and Culture and a master's in Organisational Science from the University of Utrecht, and he attends a postgraduate curriculum for Business Analytics and Data Science at the Vrije Universiteit Amsterdam.



Xavier van Leeuwe has over ten years of experience as a marketing executive at NRC, Telegraaf Media Groep, and de Persgroep. At the Amsterdam-based news organisation NRC, Xavier led the transformation of his team by building a customer-centric and data-rich culture at a news organisation with 189 years of heritage. Prior to being a media executive, he worked for several years as a financial and political journalist in the Netherlands. Xavier started his career as a researcher for the United Nations in Geneva. He has been a speaker at several conferences in Europe, the United States, and South America. Xavier is an active marketing tech blogger and publishes a weekly free newsletter you can subscribe to at Changemediaforgood.com. Xavier holds a cum laude master's in Business Administration and a degree in Journalism from Erasmus University Rotterdam.



NRC Media is a Dutch news organisation that was founded in 1828. There are 7.5 million households in the Netherlands and 2.4 million newspaper copies distributed daily. NRC has over 265,000 active subscribers. Its news web site, NRC.nl, generates over 20 million monthly page views. The company has 360 employees, and its revenue ratio is 81 percent subscriber income and 19 percent advertising.



Mather Economics is a global consulting firm that applies a combination of proprietary analytical tools and operational expertise to help businesses better understand customers and, in turn, develop and implement pricing strategies that maximise operating margins, grow revenue, and improve customer loyalty. Mather was founded in 2002 and has forty employees. Mather assists about five hundred clients with their recurring revenue yield management. These clients in turn serve thirty million households, with Mather analysing over \$4 billion a year in revenue generated by these households.

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