

## Companies? Listen Up!

*A new study throws fire at a number of business management values and calls the CRM industry into question.*

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Branding is of low importance? Employee empowerment drives sales? These are only a few of the surprising findings in the recent report by High-Yield Methods, titled "Customers Say What Companies Don't Want to Hear." The market is becoming more customer centric, but company behavior does not necessarily match up to consumer desire, according to the study, which radically disputes a number of historically valued marketing, advertising, and CRM practices (indicating the need for a formal resizing and reshaping of these industries).

"Our perception going in was that there are many misperceptions within the marketing, advertising, and CRM industries about what's valuable to customers, in particular, what influences their purchase decisions," says Dick Lee, principal of High-Yield Methods. "We set out to design a study that would give us direct customer input without normal filters and boundaries that prevail in normal customer research." Lee and David Mangen, president and founder of Mangen Research Associates, coauthored the study, which collected data from 547 sample customers over a broad range of groups, focused on affluent consumers.

The research was predicated on the concept that the market is currently in flux, with the tide turning heavily toward a buyers' market. The authors cite the purchasing power of the baby boomer generation, the growth of e-commerce, and an economic recession as catalysts for this shift. In this customer-centric market, the attitudes and desires of the consumer become all the more relevant. "The customers are still in motion, moving in a more empowered direction, but they're a lot further along than companies are, so now there's a gap," Lee says. "And when you have a gap like that between customer expectations and company behavior you have friction."

The study produced a number of unexpected results. The customers polled were asked to express which company behaviors most heavily affect buying decisions. Customer focus was listed first in consumer priorities, garnering 60.3 percent of the vote, followed by convenience at 51.5 percent, aggressive pricing at 49.4 percent, and information sharing at 37.2 percent. Brand strength, which was

listed in the "business as usual" subsection, acquired only 18.7 percent of the vote.

Within the larger sector of customer focus, the research showed that consumers value the empowerment of employees (71 percent) almost as much as the quality of the product (76.4 percent). Such customer service staples as internal sharing of information, 360-degree view of the customer, and online customer service had a weak influence.

This research speaks directly to the CRM market. "The message for CRM is not a new one, but the findings put more urgency on it," Lee says. "CRM has really remained about companies buying something to make them feel like they're doing something to become customer centric." Furthermore, company-customer relationships and cross-selling were seen as undesirable by customers. Lee argues that companies must focus on internal issues and customer satisfaction conceptually before branching out and buying products that will only serve as a "placebo." However, Lee says that there is a "definite vote of investing in *holistic* CRM and customer-centricity in general. Customers are saying this is indisputable."

Although the study was formed to help companies better tailor their practices toward what their customers want, thereby boosting business, Lee is skeptical as to how receptive the market will be to the statistics. "There will be a lot of companies who will continue to be in denial about how things are changing," he says. Lee notes that there are others who will benefit by using the study's principles as a guide: "You deal with your employees first. You don't stock up on expensive technology and leave your employees untrained. The cultural piece comes first."