Consumer Relations and Innovation

5 Key Insights that Maximize the Value of Consumer Feedback

by Jerry Freeman and Cristina De Leon
Consumer relations has the opportunity to drive business value through increased innovation, improved quality, and a consistent customer experience.

What Is Consumer Relations?

The consumer relations group is responsible for collecting and responding to consumer feedback, including complaints, suggestions, and praise. To maximize the potential business value of consumer feedback, consumer relations professionals should consider the following questions:

- How can we bring a consistent level of excellence to our consumer relations function?
- Is consumer relations siloed? Are we appropriately collaborating with quality assurance, marketing, communications, and legal functions?
- Do we and our organization realize the inherent value in consumer relations data and the opportunity to draw strategic insights?
- Do we deliver a consistent consumer relations experience given different market characteristics? Are we factoring in risk?
- Do the tools we use help us achieve our consumer relations goals?
- Are our consumer feedback channels positioned where the consumers are?

Here are 5 key trends and insights designed to help answer these questions, using company examples – across a variety of industries – that are on the journey to maximize consumer relations ROI.
1 – Use Global Center of Excellence (COE) Hubs to Think Globally, Act Locally

As the world becomes more interconnected, the need to understand different cultures, customs, and practices increases. A network of regional COE hubs helps companies avoid extra layers of consumer relations management.

Think Globally

A COE hub...
• Provides direction and guidance on local characteristics
• Keeps the team closer to the consumer
• Improves speed and flexibility to act on local changes
• Allows greater collaboration and information sharing across regions

Act Locally

• Incorporate the local characteristics of a market, such as culture, language, consumer behavior, and tradition in order to...
  - best market to the local demographics
  - understand their needs
  - work with common methods of consumer contact specific to the country
• Operating with a global COE within local teams provides direction and guidance, delivers clear reporting and leadership, and encourages performance excellence

"We know that local teams probably don’t have a global perspective, but the understanding of why a global approach is needed is what’s important to us. We need to understand the local relationship between the people and its products – water is different in France compared to Africa."
- Food Processing Company

"We created a template, but then let it be defined by a country and its need. We shadowed people doing the processes to understand if the process was cultural. Otherwise, we need to identify what’s needed for implementation."
- Household Products Company
2 – Consumer Relations Acts as the “Tip of the Spear” to Add Value and Generate Insights

Consumer relations is often the first line of contact with the consumer. Careful consideration should be given to the reporting structure, which affects how the function is perceived, and more importantly, the ultimate value consumer relations data can provide. These are examples of consumer relations’ business value to other functions in the organization. **Companies should align consumer relations with a function or functions that will help achieve specific business goals.** For example:

- **Quality Assurance/R&D**
  Goal is to improve the quality of the product or service by identifying both incidental and systemic problems, while reducing response times to avoid larger, more expensive resolutions

- **Marketing**
  Goal is to identify how product changes and introductions are received, as well as mine for insights that could lead to new market opportunities and product trials

- **Communications**
  Goal is to leverage the contact with consumers to present a consistent message to the public that corrects misperceptions and proactively positions the brand

- **Legal/Operations**
  Goal is to reduce risk and liability through early intervention and issue tracking. Depending on the nature of organization, product offerings, strategy and goals, the consumer relations function may report to quality assurance, R&D, marketing, communications, legal, or operations, even within the same global company

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Example: Global Beverages Company

This example, from a global beverages company, shows where the consumer relations function operates across 28 countries.

Reporting structure should align with priorities and goals in each region. In this example, Latin America’s consumer relations teams worked alongside marketing to create and monitor promotional activities through product feedback.

Quality Assurance 36%
Corporate Communication 7%
Marketing 18%
Operations 11%
More than one function 28%
Consumer Relations

To maximize the potential business value of consumer relations data in this cross-functional scenario, leading companies set guidelines for frequency of communication and types of reports.

“While reporting is integral, we need to have some sort of agreement in managing email traffic and set expectations for frequency of communication. We also don’t want to overload people in the organization.”

- Cosmetic Products Company

Even though different companies have varying levels of contact with consumers, consumer relations data is critical to generating insights that drive innovation and improved product quality.

“We’ve built and hosted a customer relationship management and analytical platform, allowing our marketing team to analyze customer behavior, and design and execute marketing programs to drive consumer engagement – all using consumer relations data.”

- Consumer Products Company
Case Study: Global Food Manufacturing Company

What?
In 2011, a global food manufacturer started an initiative consisting of a customer relationship management (CRM) and global real-time consumer web portal, which housed company updates. Additionally, an analytical platform was built to access customer information and purchasing habits.

Why?
The Global Marketing Officer (GMO) decided to work with consumer relations to further increase customer engagement. The analytical platform was designed to identify consumer behavior and trends based on demographics, preferences, and stated needs.

Results?
The CRM initiative and analytical platform served as a basis for the launch of a portfolio-wide loyalty program. Given the abundance of customer information, the GMO wanted to leverage all the available data. This loyalty program consisted of unique codes on approximately 2.5 billion individual packages. Consumers could submit codes online in exchange for discounts and prizes.

Today, the program touches more than 90% of company products and the CRM team expects international expansion. As the company’s VP of CRM and Loyalty states:

"We were severely lagging behind about three years ago, but our belief is that we’ve probably surpassed the competitors we track. Before launching the program, we were talking to every consumer as though they were all the same."

These CRM efforts have thus allowed the company to create products and reassess their marketing tactics to tailor to the individual customer.
3 – Tier Markets by Maturity for Better Resource Allocation and Risk Mitigation

Global consumer relations functions must consider various business environments and characteristics for different markets.

More mature markets...

- Imply higher sales, volume, growth, forecasted revenue, scale of operations, and channels for feedback.
- Denote higher consumer relations capabilities with better technology, more resource, and expanded contact channels

Awareness is the first step. Create a global comparative risk map to:

○ Identify areas with high, medium, and low capabilities. The risk classification consists of assessing crucial factors to a high-performing consumer relations team. Examples include a strong platform or tool to capture consumer data and feedback, sufficient people resource, and the right amount of contact channels to meet consumers’ communication methods.

- Consumer Goods Company

It’s tough for smaller countries to justify sophisticated, costly systems.”
- Hospitality Company

Compare the identified risk areas to the scale of operations for specific markets. For example, a market with strong market opportunities, but with a high consumer relations risk would raise a red flag and would need a reassessment of investment and reallocation of budgeting and expenses. Remember, risk anywhere is exposure everywhere.

In general, risk profiles show an inverse pattern compared to capability profiles – higher risk is associated with lower capabilities.
Enable Consumer Relations Data through Technology

Consumer relations departments use different levels of technology to capture and manipulate consumer relations data from paper reporting to advanced software tools.

The most advanced level of technology consists of a software tool that allows for:

- Easy communication and collaboration
- Data entry and documentation
- Navigation and search capabilities
- Analysis abilities
- Dashboard reporting
- Reference manual stored with valuable information (e.g. product information).

What are the benefits of advanced technology?

- Share insights with various business functions
- House all consumer relations data in one repository
- Allow for easy search and navigation
- Help consumer relations teams collaborate and analyze data
- Provide consumer relations representatives with easily accessible information

However, the technology needs of global consumer relations hubs will vary widely based on market maturity and size. For example, in countries with limited consumer relations functionality, an opportunity exists to leapfrog traditional channels and directly transition to social media or mobile channels to connect with consumers. Leading companies create technology hubs within regions or smaller areas, resulting in personalized, specific ways to serve local consumers.
When making consumer relations technology decisions, keep the following leading practices in mind.

1. It is preferable to match technology with local market needs rather than try to justify a single technology solution across all markets.

2. More mature markets can support greater technology investment to harvest more insightful information.

3. Less mature or smaller markets may be well served through the use of technology already present for consumers like mobile devices. For example, bar code scanning through a consumer relations app could aid in providing better information while using existing infrastructure.

“"We’re extremely satisfied with our tool. It’s customized to cater to our different markets. It’s user-friendly and has communication and documentation capabilities.””
- Cosmetic Products Company

“"Digital is bringing Consumer Affairs into the heart of the organization.””
- Personal Care Products Company

“"Mobile technology would be ideal. I envision QR codes with packaging. This could be done using flash phones. Consumers type in a question or comment and this would eliminate call centers and instead move employment towards technical centers that take phone inquiries.””
- Beverages Company
5 – Meet Consumers through Social

The shift from traditional communications channels, such as postal mail, fax, and 1-800 numbers to non-traditional channels, such as Facebook and Twitter is already underway, but consumer relations functions are lagging behind.

Organizations and their consumer relations functions need to prioritize efforts to include social media into their operations to meet consumers where they already are, and create a seamless customer experience.

The proliferation of channels increases the volume of contacts and encourages both positive and negative feedback, resulting in different ways to measure how well a company and/or its products are performing. Offering popular mediums of contact allows companies to reach a larger and more diverse consumer base, including those who may not be as loyal.

Many companies struggle to understand how to best manage social media, either through marketing agencies or dedicated internal groups like consumer relations. They also struggle with how best to use the resulting data.

To shed some light on these issues, companies should carefully evaluate the following areas:

**Consumer Contact Channels**
What are our common contact channels? Should we prioritize expanding and shifting our focus to a specific contact channel?

**People Resources**
Do we have a sufficient number of consumer relations employees to properly manage a social media program? Do we have the proper skills to accommodate peak feedback?

**Social Media Platform**
Is social media a common method of feedback in our country? What is the level of engagement among our customers? Would a marketing agency fit best given technical ability or would an internal group work best given experience in company offerings? How can we best merge the two skill sets?

“

Our individual brand marketing teams currently handle the social media community management, but we are gradually working toward a more efficient shared management structure.”

- Personal Care Products Company
Conclusion

Consumer relations has traditionally been perceived as the “complaint department,” but the potential business value is clear. To demonstrate this value to the organization, follow these 5 key insights and be clear about the potential benefits.

1. Discover how to best organize consumer relations given the nature of the organization and create a global strategy with local modifications. The organization creates one face to the consumer in each region to better meet the needs of consumers.

2. Leverage value of consumer relations data in helping other parts of the organization discover opportunities. Collaboration includes enhanced product quality, generation of insights leading to market opportunities and innovations, and improved brand positioning.

3. Make decisions using different characteristics and treatments of markets, as well as identify areas of risk. Decision-making based on both people and technical resources can be better allocated based on given market prioritization and expected growth.

4. Choose the right level of technology for capability areas. Leapfrogging traditional channels and initiate social media or mobile channels to better connect with consumers, to account for countries given the proliferation of mobile devices.

5. Strive to tackle the digital space and a new wave of technology. Feedback process becomes a seamless customer experience, includes a new and in demand method of communication, and mirrors how competitors also request for product feedback.

Is It Time to Act and Revamp Your Consumer Relations?
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