Utilizing Customer Experience Surveys for Location Planning

A summary of ways in which you can take advantage of redesigned customer experience surveys to improve the effectiveness of location planning processes.

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For those of us involved in deploying analytics and related systems to improve business performance, surveys of customer satisfaction and related customer experiences have represented critical inputs. But based on our experience in recent years with selected organizations, particularly restaurant and café chains, many still don't fully take advantage of the opportunities presented by these surveys for location planning purposes. In some cases, a separation of processes between departments such as marketing and those leading real estate and location planning is the cause. But in many cases, simply an awareness and better understanding of the applicable concepts would go a long way toward taking advantage. So we've highlighted several of the **important uses of these surveys for market planning purposes** here.

1. Identification of the "trade areas" served by store locations:

By having some kind of geographic indicator for your customers represented on surveys, one can get a very clear picture of the regions from which the majority of customers are coming. Furthermore, the results of such an exercise can return some surprising results. "Half of the customers are coming from a different city." "Most customers are coming from downtown condominiums when we thought that nearly all represented commuters from suburbs." "You have to drive more than 10 kilometers to cover 70% of the store's customers when we thought that many were in the immediate neighborhood". Defining trade areas effectively allows you to perform appropriate high-level profiling of these regions and tailor local marketing messages beyond the obvious insight provided for long-term market-by-market location planning (such as determining how many locations to have).

2. Significantly improved sales cannibalization projections:

Having customer locations incorporated in your surveys means you can more precisely gauge the impact a new store opening might have on a nearby existing location versus the proximity alone. Displaying the points on a map gives a good starting point. But being able to produce valuable new metrics and compare them to past cannibalization levels experienced provides the basis for much more powerful models for predicting cannibalization. Something like "% of customers whose drive from home to the store is 20% or fewer minutes to the proposed new location than the one where they were surveyed" is a powerful addition to "miles from proposed new location to the existing store".

3. Estimating customer demographic profiles

From customer locations, you can in turn assign Census demographics to them even if you haven't asked the customer to respond to demographic questions. With the appropriate reference data tables in hand (e.g. those

that map postal codes to Census neighborhoods), you can assign averages for the customer neighborhoods to the surveyed customers. These may include statistics like average household income and % of population speaking Mandarin. From there, with enough response volumes, you should be able to summarize the data and get a decent picture of how these demographic attributes correspond with your customer base as a whole.

Compare these figures to sales performance and other factors that impact performance and you can begin to better identify the impact of these demographic conditions on performance. The new insight can also be used in helping determine appropriate types of staff to deploy, give more clarity to the types of direct competition you can expect (or perhaps should avoid) and allow you to further tailor local marking efforts.

4. Understanding Customer Sources and Destinations

With questions surrounding the location from which the customer was coming before visiting your location and where they were heading afterwards, you'll clearly have much better insight when it comes to understanding location needs. Typically, the Brand may know that most of their customers are coming from home, for example, with a certain proportion from work or shopping experiences, but the distribution may be very surprising (and involve many more types) with the implications enormous. Hours of service and/or staff deployment may not reflect the distribution. If more customers than you think are going straight to eat after work, excess premium may be placed on certain site positioning benefits. The formulas used for projecting sales may require a better weighting across different types of metrics. There are many more similar examples.

5. Better performance management and modeling with Customer Feedback on the Operation

 Objective feedback from customers over time makes for outstanding measures to incorporate into your processes for evaluating store operators. Metrics such as "% of customers who rated questions A, B, and C at 8 or higher" (just a simple example) can be monitored periodically for progress. They also represent the same kind of relevant objectivity for rating various site quality factors. If the "wonderful" new store design you thought was such a big hit comes back as many 6 and 7 out of 10 scores for satisfaction with the store appearance and the terms "sterile", "cold", "lacks character" show up often in the open-ended feedback, you'll have valuable insight needed to adjust accordingly in the future.

These metrics can also go into sales modeling processes in addition to or instead of the Brand's own scores assigned to staff, operator/franchisee and site quality factors where appropriate. You may find that certain questions, certain combinations, or certain weightings of scores lead to better explanations (models) of sales performance.   A strong staff member may be great with communication, keeping the place looking nice, and other aspects of his/her role but it may be that poor service efficiency times are revealed as a key driver of store under-performance. This may not get revealed by an organization's overall score assignment of staff.

6. Ability to assess regional brand health.

By brand "health", essentially I'm referring to the degree to which sales performance is higher or lower in certain regions after all the other major objective drivers of performance are considered. It combines things like brand awareness levels, the general support level (level of favor) toward the brand by the market, and reputation levels built over long periods of time.   To determine accurate sales projections on a case-by-case basis and be able to determine the optimal target number of locations in a given region, this concept needs to be incorporated. By being able to use objective metrics from customers over time, you can more effectively assign metrics to brand health to assist in doing this.

Potential questions to add to existing customer surveys to enhance market planning may include the following:

1. Competitor usage (other brands used by the customer and frequency)

2. Income level (specify one of several ranges)

3. Age group

4. Ethnicity. As with other demographic questions, brief commentary on the purpose of the question (beyond simply helping the organization perform better analysis) is recommended (such as "To ensure that we have the types of staff in place to best serve your needs..."). Here is an example of how The Gap posed this question when I completed their post-purchase customer survey in the Toronto area recently:

Which of the following categories best describes your ethnicity? (Select one)

- White / Caucasian
- Black / African-American
- Hispanic / Latino
- Asian American / Asian
- Native American
- Other
- Prefer not to answer

5. Location convenience (/ ease in finding the location)

6. Coming from / going to questions (e.g. "From where were you coming before visiting the location?"). List several of the most common examples as choices for each case.

7. Home postal code. Try to include this question even if the customer is not participating in some other promotion for which the postal code may be used (such as a draw) since the need for high response volume is great.

8. Work location. Since postal code of the location is often not known, offer the option to enter a major intersection.

9. Purpose of the visit. List several options (e.g. business meeting, special occasion, lunch with coworkers, meeting friend, etc.)

10. Staff quality related questions not already captured (e.g. degree to which the store was clean and well maintained, satisfaction with time taken to receive order, etc.).

11. Other major site quality attributes (e.g. facility appearance /condition, satisfaction with parking, or the ease in getting into the location).

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