



Customer Directed Product Decisions

PathWerk

a home improvement focused commentary on applying marketing research

Customer Directed Product Decisions

Many manufacturers fall into the trap of familiarity with their own products, their manufacturing capabilities and the way the market 'has always been'. However, in today's ultra-competitive landscape where off-shore services can easily re-build products for retailers, the smart manufacturers are turning to the end customer to inform product decisions. And, retailers are looking for partners that can share customer-based product and category insights.

So, what are some tangible examples of how customer research is driving product decisions? Three examples provided below focus on product design, product pricing and product messaging, but customer insights if not the leading source, should at least be informing all product decisions.

A recent McKinsey and Company article highlighted the case for customer research in the home improvement arena. According to Dave Fedewa a principal in the Atlanta McKinsey office, an existing private-label manufacturer had built features that drove quality, but were not aligned with the end customer's desires. The manufacturer upgraded the spring coil on their tape measure which added strength and durability, but the customer was looking for smooth retraction more than quick re-coil. By changing this feature, the manufacturer and retailer was able to remove product cost and increase customer value. The team estimated that 12-17% of cost could be removed by better aligning design with customer desires and value points.

[McKinsey Quarterly, Dec 2013 *Bringing The Voice Of The Customer Into The Factory*, Dave Fedewa http://www.mckinsey.com/insights/consumer_and_retail/bringing_the_voice_of_the_customer_into_the_factory]

PathWerk has led many research projects that informed decisions for firms looking for positions or looking to improve positions in retail. One recent project identified a messaging disconnect in a home improvement category leader. After conducting an online-survey and an online group discussion, it was discovered that consumers used very specific terms to describe their needs driving this product purchase. However, the category leader was using POP display descriptions that did not match the consumer's stated needs. The PathWerk client was able to gain shelf-space and re-position their product based on this insight and the use of customer language in product descriptions rather than 'industry-terms'.

There are many examples of customer-driven product/pricing, messaging/digital application decision. The insights from customer research are critical to lead decisions that make sense to customers, not just what the manufacturer, retailer or category leader thinks or does. Applying those insights to truly connect with your customers digitally is the output of why PathWerk focuses on marketing research to drive results with in the home improvement market.

For more examples of how we can help you, please contact us.

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