

Improvement of feedback processes

A case study at a small company

Master's thesis in Quality and Operations Management

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Abstract

It is crucial for a company to keep their established customers satisfied since it takes a lot more resources to gain new customers than keeping the old. The purpose of this thesis is therefore to study how a manufacturing company with exclusive products handles the feedback today and how the feedback process can be improved to create knowledge for future product and service offerings when the customer segment is changing. The feedback can be gathered and used by working with Customer Relationship Management (CRM), which aims to create products and services that satisfy the customers. It is especially useful when the customer segment is changing and the company has to understand who their new customers are and if they have different needs and demands. With today's digitalization, customers have new ways to contact the company and expect to get answers quickly, for example on social media. Social CRM integrates social media with a company's CRM initiative and gather data information from social media platforms.

This thesis has investigated a company which has expanded its customer base and therefore was in need of standardized processes to gather, analyze and use the customer feedback. To make an improvement suggestion, the existing informal processes for handling feedback needed to be mapped. This was made by internal and external interviews with the company and its retailers and customers.

The project resulted in two processes, one that supports the proactive work and aims to collect the customers' needs and demands before the product is finished and to understand the Voice of Customer. There is also a process which supports the reactive work, that aims to collect feedback after the product is released to receive the feedback from the customers when they have used the product. This is a way to understand pros and cons with the existing products and try to make the customers satisfied. With both the proactive and the reactive ways of working, products and service offerings for the customers can be developed to satisfy the customers and support loyalty to the brand.

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1

Introduction

This chapter will give the reader an understanding of the background to the thesis, *the case company* will be presented, as well as the purpose and the research questions.

1.1 Background

In order to stay competitive, a company needs to understand its customers and what they find satisfying and dissatisfying (Fundin & Bergman, 2003). A satisfied customer is more likely to buy more products and for a higher price (Matzler et al. 2006). Further, satisfied customers are, generally, loyal customers and contribute to better financial results (Olsen et al., 2014). Working with the customers and create understanding of their needs and demands, is a way to create a strong relationship with the customers (Kaulio et al., 1999).

When a company has established a customer base, it is crucial to keep the customers satisfied since it takes a lot more resources to gain new customers than keeping the old (Fundin & Bergman, 2003). Therefore, a company needs to handle the customer feedback and keep the information and knowledge in the company. It is common, however, that companies store customer feedback but do not analyze and use the information (Lervik Olsen et al., 2014), hence focus needs not only to be on keeping the information but also on using it. To satisfy customers, a process to collect the customer feedback to improve the existing products and to get information about what the customers value in future products is needed (Fundin & Bergman, 2003). One way of using the stored information is to work with Customer Relationship Management (CRM). Chen & Popovich (2003, p. 672) describe CRM as “*a combination of people, processes and technology that seeks to understand a company’s customers*”. It works as a link between front office (e.g. marketing or sales), back office (e.g. production or shipping) and customer touch points (Chen & Popovich, 2003). Touch points are ways where customers can interact with a company (Chen & Popovich, 2003).

One example of a touch point is Internet. Internet is interesting since it has created a new era to customer service (Chen & Popovich, 2003) where the company is available at all hours on email and social media. Social media, with platforms like Facebook, Instagram, Twitter and LinkedIn has created new touch points. To handle the communication and use it as a resource, a company should have a social media strategy that fits their CRM strategy (Rodriguez et al., 2014) and decide how

to communicate with customers on social media (Sinan et al., 2013). This is called social CRM.

The customer feedback helps a company to understand the present and the future expectations, which will help future product development (Fundin & Bergman, 2003). The company must have working feedback processes to handle the information (Fundin & Bergman, 2003). When a company expands its customer segment, the touch points might change, which might lead to the need of new feedback processes.

Feedback is defined as “*feelings, impressions, and sometimes, even disappointments about them*” (Fundin & Elg, 2006). One part of feedback is customer complaints (Zairi, 2000). It has been stated that if 20 customers have the same complaint, only one customer actually gives feedback to the company (Fundin & Elg, 2006). Zairi (2000) argues that it is important to create an organizational climate with a willingness to listen to complaints, and encourage the customers to complain. Zairi (2000, p. 335) states that “*Effective complaint system should be able to convert a dissatisfied customer into a satisfied, loyal customer*”. A complaint management system should support learning from complaints, spread the information to the employees whom are concerned, improve from complaints and summarize complaints to evaluate and use in the entire organization (Zairi, 2000). In this thesis, complaints are regarded as negative customer feedback and feedback processes describe how the feedback is transferred from a customer to *the case company* and used internally at *the case company*, as well as externally towards retailers and customers.

1.2 The Case Company

The case company is a Gothenburg based company operating in a small niche. *The case company* manufactures high-end products to professionals. The products are seen as investments. The products are manufactured after an order is placed. The sales are handled via a dealer, who sells products to retailers and to professionals. The retailers sell *the case company's* products to all customers. *The case company* has a dealer, which, for confidentiality reasons, will be referred to as *the dealer*. *The case company* also has so called ambassadors, whose role is to use the products and inspire other people to also buy the products.

In 2016, *the case company* released a product, that is referred to as *the new product*. It is positioned in a significant lower price segment than *the case company's* older products, which has expanded the potential customer segment since more people can afford this new product. The thesis will investigate how *the case company* should work with the feedback processes when they have expanded their customer segment.

Since *the case company* handles the sales through retailers, they might miss important customer feedback which could lead to a gap between *the case company* and the customers. With their new product, *the case company* also expands their customer segment and need to get to know their new customers to avoid creating a new gap.

1.3 Purpose & Research Questions

The purpose of this thesis is to study how a manufacturing company with exclusive products handles the feedback today and how the feedback process can be improved to create knowledge for future product and service offerings when the customer segment is changing. Three research questions have been formulated:

RQ1: How is the customer feedback on the offerings processed today?

RQ2: How has the expanded customer segment changed the need of feedback processes?

Due to the expanded customer segment, the feedback processes need to be improved.

RQ3: How can a process be designed to handle the feedback effectively?

1.4 Limitations

The project is limited to the study of one case company. The project aims to result in an analysis of the current situation as well as improvement suggestions. However, the project does not include the implementation of a new process. The geographic limitation is Sweden.

1.5 Structure of the report

This introduction is followed by the theoretical framework which gives the reader a deeper understanding of what research has been made in the areas customer orientation and customer feedback. Then the methods used in this thesis are presented in the methodology chapter. It is followed by the empirical findings where the information from the employees, *the dealer*, the retailers and customers think about the feedback process and analysis of the findings and the theory, which includes the improvement suggestions. Then there is a discussion chapter where the findings are elaborated, and conclusions where the research questions are answered.

2

Theoretical Framework

Market orientation gives the overall picture of how a company can work with customers needs and what the potential benefits are. *Customer orientation* is a part of market orientation and handles in detail how to create offerings based on the customer's needs. *CRM* handles how to manage the customer relationships. With input from *social CRM* and *customer involvement management* (CIM), customer feedback processes can be designed. Social CRM gives the reactive feedback from the customers, the feedback about what the customers think about the existing products, and CIM gives the proactive feedback, the feedback about what the customers needs and wants. A company needs to have feedback processes to be able to analyze and use the customer feedback. *Complaint management* is one important part of the feedback processes. As this thesis aims to study how a feedback process should be designed when a company is growing, all these areas need to be considered, see fig. 2.1.

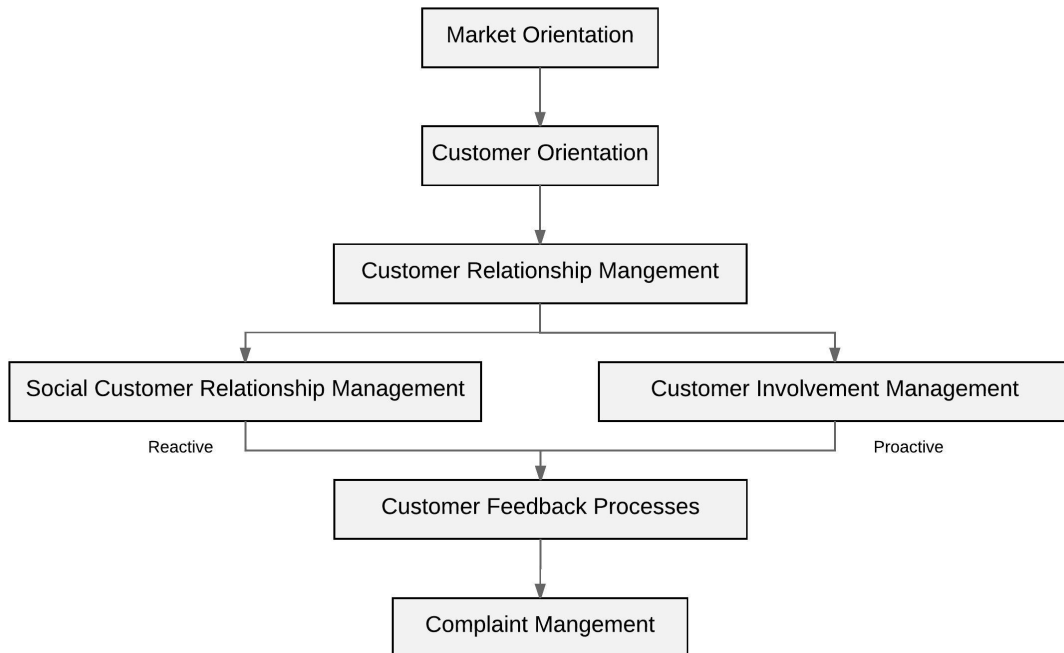


Figure 2.1: Areas in the theoretical framework.

2.1 Market Orientation

Narver & Slater (1990 p. 21) describe market orientation as “...*the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for the business*”. A market oriented company has a long term financial competitive advantage (Narver & Slater, 1990), and has been shown to have a higher likelihood of new product success (Narver et al., 2004). Working with market orientation makes the company aware of customers’ needs which leads to service offerings that have a bigger chance of success (Gebauer et al., 2005). The company also needs to understand what services the customers need and work internally with operations, technologies, products and the supply chain (Baines et al., 2009).

Market orientation has three cornerstones including competitor orientation, interfunctional coordination and customer orientation (Narver & Slater, 1990), see fig. 2.2. Competitor orientation is about understanding who the competitors are and their short term and long term strengths and weaknesses (Narver & Slater, 1990). Interfunctional coordination means to involve all departments and employees in a company to further improve customer satisfaction (Narver & Slater, 1990). Customer orientation is, finally, about understanding what the customers value today and in the future as a means to make the customers satisfied (Narver & Slater, 1990).

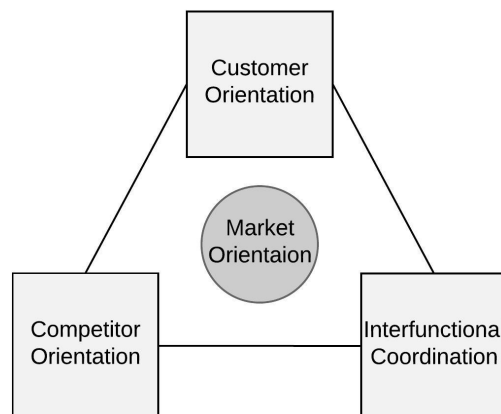


Figure 2.2: Market orientation has three cornerstones, based on model by Narver & Slater (1990).

Market orientation can be divided into responsive market orientation and proactive market orientation (Narver et al., 2004). Responsive market orientation refers to how to work with the expressed needs of the customers while proactive market orientation focus on handling the latent (unexpressed) customer needs (Narver et al., 2014). Fundin & Bergman (2003, p. 55) state that “*knowing what is delightful, what is satisfying, and what is dissatisfying to your customer is highly critical for success in the increasingly competitive marketplace of today...*”. Hence, a company needs

to understand how customers perceive quality and what they value today and in the future, including both expressed needs and latent needs. The needs are sometimes displayed in the so-called Kano model, which divides the quality attributes into five categories (Löfgren & Witell, 2005), see figure 2.3.

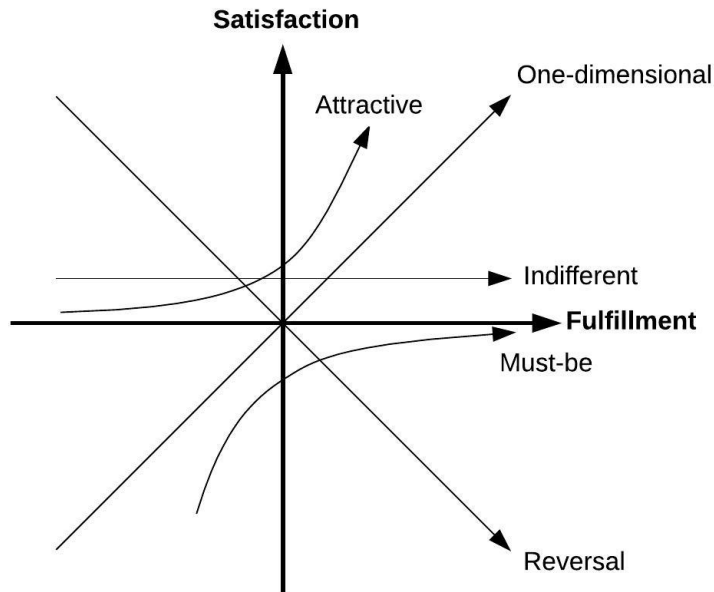


Figure 2.3: The Kano model, based on Löfgren & Witell (2005)

The attractive attribute stands for something that the customers do not expect and cannot express. They will be surprised and satisfied to receive these attributes. The next curve, one-dimensional, corresponds to attributes that will cause dissatisfaction if not fulfilled and satisfaction if fulfilled. This is the kind of requirements that the customers tell that they want if they are asked. Indifferent means that a product has a function that does not affect customer satisfaction. The must-be curve demonstrates attributes that customers take for granted and therefore, do not ask for. It will cause dissatisfaction if not fulfilled. Reverse attribute is the last curve and occurs because different customers have different needs. An attribute can be positive for one customer but negative for another. A product feature can change its quality attribute over time. For example, speakers in a car was probably an attractive attribute when first reaching the market, but nowadays it is a must-be attribute. It is vital to understand the Voice of the Customer (VoC) as a means of being able to identify all types of attributes. Customers want their issues to be solved, but may express it in terms of solutions. To identify the different needs, a Kano questionnaire is helpful to cluster and compare the customers' requests (Matzler et al., 1996).

2.2 Customer Orientation

Customer orientation is one of the three cornerstones in market orientation and is about understanding the customers, what they value today and in the future (Narver & Slater, 1990). To have this understanding is important to get a successful business (Kaulio et al., 1999); the customers should be delighted by products and services that have features that he or she did not expect (Matzler et al., 1996). Customers tend to perceive a higher quality of services, employees and products if a company is customer oriented (Brady & Cronin, 2001).

Lengnick-Hall (1996, p. 792) describes that customer orientation *“usually means that a company concentrates on providing products and services that fulfill customer needs”*. Olsen et al. (2014) further argue that customer orientation is a process with different phases; strategy, measurement, analysis and implementation. If requests from customers are used in the implementation phase, it leads to greater financial results for the company since the customers are more pleased with the product (Olsen et al., 2014). Customer orientation makes companies learn about customers’ needs, which leads to a chance to create better services and products for the customers (Brady & Cronin, 2001). Matzler et al., (1996, p. 6) state that *“A high level of customer satisfaction is one of the most powerful indicators for the future of a business”*.

It is beneficial for a company to have a long term relationship with their customers (Know & van Oest, 2014), have direct contact with them and involve them in the company (Lengnick-Hall, 1996). Lengnick-Hall (1996) further argues that customers have several roles in the company, not only as end users, but also as a resource in the product development process. It is crucial to fully understand the customers needs and to expand and deepen the relationship with them to create a long term relationship.

To work successfully with customer orientation, the company has to create a customer oriented business culture (Brady & Cronin, 2001). Processes that are related to customer orientation include after sale services and personalized services to key customers, as well as delivering value for the customers (Rodriguez et al., 2014). Creating value for a customer can be done either by increasing the benefits to the client in relation to his or her cost, or by decreasing the buyer’s cost in relation to his or her benefits (Narver & Slater, 1990). One example of a customer oriented approach a company can use to understand their customers, is CRM (Rodriguez et al., 2014).

2.3 Customer Relationship Management

CRM is an approach with an aim to gather data from customers in order to create a customer oriented marketing response (Rodriguez et al., 2014). Working with CRM is a way to strengthen the link and relationship between a company and its customers to get customers more satisfied (Rodriguez et al., 2014). A company has

several touch points, where customers can contact the company, for example email, stores and internet (Chen & Popovich, 2003). Chen & Popovich (2003 p. 672) describe CRM as “...a combination of people, processes and technology that seeks to understand a company’s customers”. CRM works as a link between front office (e.g. marketing, sales...), back office (e.g. production, shipping...) and customer touch points (Chen & Popovich, 2003).

The purpose of CRM is to deliver the right information, to the right people, in the right time (Alshawhi et al., 2011). Knowledge transfer in databases is called codification, and knowledge transfer between people is called personalization (Fundin & Bergman, 2003). Knowledge can be divided into tacit and explicit knowledge. Explicit knowledge can be written down while tacit knowledge is unarticulated and built on senses, experience and intuition (Nonaka, 2009). Knowledge is transferred through interaction, such as communication and is a competitive resource that should be used (Shin et al., 2001). Shin et al., (2001 p. 343) state that “*Knowledge flow in an organization is fundamentally driven by communication processes and information flow*” and describe the knowledge management value chain as seen in fig 2.4.



Figure 2.4: The knowledge management value chain, described by Shin et al., (2001).

Here, create refers to adding knowledge and correcting the already existing knowledge (Shin et al., 2001). Store refers to the storage of the individual, as well as the organizational knowledge (Shin et al., 2001). Distribution handles how to exchange knowledge between the user and the source (Shin et al., 2011). Application means to use the knowledge to solve problems (Shin et al., 2001) and work further with it to create the best products for the customers. When working in all four of these phases, the information will be used to create knowledge in the company that can be used to develop better products and services.

2.4 Social CRM

Social CRM is when CRM is applied at the internet and especially social media (Heller & Parasnis, 2011). Internet has made communication between customers easier which is an important aspect since people tend to let other people influence their purchase behaviour (Chen et al., 2011). Customers have even more power and influence now and internet has created a new paradigm in customer service when customers have access to the company at all time (Chen & Popovich, 2003).

Social media has changed the way people can communicate with companies and is a powerful tool for companies to use in many areas, not to mention that social media often influences customers' purchases (Aral et al., 2013). Nowadays, dissatisfied customers can go to social media and post complaints that might reach millions of persons (Tripp & Gregoire, 2011). Moreover, social media can be used to understand the customers' needs, gain new clients (Rodriguez et al., 2014), market, recruit, communicate with customers and have an online support (Aral et al., 2013).

Gossieaux & Moran (2010) state that successful companies turn business processes into social processes. For example, companies should ask themselves if the content they put on social media is relevant to their customers. Social media is a touch point and it has to be coherent with the other touch points (Gossieaux & Moran, 2010). Companies need to be active on their social media channels since people expect the companies to respond to feedback, questions or technical issues (Aral et al., 2010).

Companies should have a strategy when using social media that fits the corporate strategy (Aral et al., 2013). A company's social media strategy can be added in CRM initiatives (Rodriguez et al., 2014). If a company works with business to business, Rodriguez et al (2014) argue that they should implement social media and CRM to make sure the technologies fit together.

Social CRM gathers customer data from different social touch points as well as from traditional touch points (Heller & Parasnis, 2011). It is an opportunity to improve the contact with customers, for example by having customer care on the social media platforms (Heller & Parasnis, 2011).

2.5 Customer Involvement Management

To be able to have the right competence at the market, understanding the customers' needs and demands is crucial (Lagrosen, 2001) and an important part of CRM. This is the proactive part of the customer feedback processes. Many product development projects fail today because companies can not make products that satisfy the customers (Matzler & Hinterhuber, 1998). To succeed in product development it is important to work with the voice of the customer (VoC), the customer needs and wants and also to understand the situation of the customer (Lagrosen, 2001). This customer understanding is what CIM is and what it can contribute to.

More than ever it is important to understand the customers (Sampson, 1999), because today they have more to choose between which leads to customers increasingly having higher demands (Kaulio et al., 1999). There is also a more narrow market, lower volumes in production and shorter product lifecycles (Kaulio et al., 1999). This means that it is important to be able to communicate the requirements of the customers and have a common view in the organization about what the customers want (Kaulio et al., 1999).

In combination with creating a product that the customers want and need, services can be added. Servitization is described by Baines et al., (2009 p. 547) as “...*the process of creating value by adding services to products*”. Therefore, a company moves from selling products to sell integrated products and services, which leads to more value for the customer (Baines et al., 2009). Servitization is a way for a company to compete on other preferences than price and is a way for a company to create greater customer satisfaction (Bustinza et al., 2015) and customer loyalty (Baines et al., 2009). Working with servitization is a way for companies to understand the customers’ needs (Baines et al., 2009) and is economically beneficial since services have, in general, higher profit margins than products (Oliva & Kallenberg, 2003).

Working with service development is a good way to receive feedback through an iterative process (Gebauer et al., 2005). After sales services and personalized services to key customers are processes included in customer orientation (Rodriguez et al., 2014). Adding services that create a better customer experience and make the company more customer oriented is another way to achieve customer satisfaction (Matzler et al., 1996).

To make the customers satisfied, the customers requirements need to be worked with effectively. To do that, a process to handle the requirements needs to be in place, supporting the use of the right methods and involvement of the right people (Kaulio et al., 1999). When working in a project one person should have the responsibility for the customer care (Zairi, 2000). This person is responsible for the right feedback to be collected, which makes the group work together towards a common goal (Sampson, 1999).

All employees in the specific project should have contact with the users to create a common view of the customers and get first hand information (Kaulio et al., 1999). However, all employees will not be experts on collecting customers’ requirements, but a basic understanding will make it easier to work with the requirement list (Kaulio et al., 1999).

At most companies today, the collection and analysis of requirements and the development of the product are not done in the same department (Kaulio et al., 1999). This means that the development department might not fully understand the requirement list and information risks getting lost on the way. To work together as a team between the different departments at an early stage in the development process makes both the understanding better and the information loss less likely (Kaulio et al., 1999).

There are several requirements that need to be fulfilled in order to create a good feedback process. First, the selection needs to be done to understand who the user is, define the user and to identify the right target group that will use the product (Kaulio et al., 1999). Thereafter, the company has to collect information about the user and understand what the customer really wants and needs to be able to create an attractive product for the user. This first step handles the one-dimensional

requirements in the Kano-model. The attractive requirements are handled in the next step, when the gathered information is analyzed (Löfgren & Witell, 2005). By analyzing the information from customers, the company gets an understanding of the customers' needs, even the hidden ones (Kaulio et al., 1999).

Validating the concepts is very important because the information deteriorates for each interpretation and the information has passed a lot of people at this time. It can even be a good idea to validate the concepts more than once in the middle of the process to make sure that the customers are satisfied with the results (Kaulio et al., 1999). Table 2.1 shows factors that are critical for a company to work proactively with the feedback.

Table 2.1: Proactive activities

Factor	Description	Reference
Identify the customers	Know who the customers are to develop products for the right user	Sampson (1999)
Process based approach	Managers should have a process based approach instead of a product based approach	Zairi (2000)
Continuous dialogue with customers	A need to have an effective dialogue with customers to understand their needs and demands since customers are more and more demanding	Zairi (2000), Kaulio et al. (1999), Matzler et al., (1996)
Communication between departments	Different departments have different educational backgrounds and different targets, so to work cross functional potentially creates more value	Kaulio et al. (1999)
Measure customer satisfaction	A company needs to have knowledge on how to measure customer satisfaction to make the right decisions during the product development process	Zairi (2000)
Leadership in customer care	To succeed with customer satisfaction, it is a need to have a true leadership in customer care with someone responsible for it	Zairi (2000)
Have a common goal	Define the purpose of gathering feedback, based on the company's needs.	Sampson (1999)

2.6 Customer Feedback Processes

Customer feedback is important input for the new product development process as well as for improvement of existing products. Therefore, it is necessary to have systematic processes to collect feedback. A fast and effective feedback process leads to fast and effective learnings about customers' needs (Fundin & Bergman, 2003).

To have a standardized system on how to work with the customer feedback and how the relationship with the customers should look like is a good way to get satisfied customers. When the feedback is used to provide input for the new products the feedback is proactive (Challagalla et al., 2009). This means that the feedback is collected to understand what the customers' needs and demands are, and to use the new knowledge resulting from the feedback process in the development of a new product. Feedback used to improve already existing products is called reactive feedback.

Sampson (1999) claims that customer feedback is a resource and customer feedback processes should be seen as an investment. The company has to know in what part of the organization the feedback will be used as well as the goal of collecting feedback (Sampson, 1999). A company should show externally that they care about customers and quality (Sampson, 1999). Internally, they should encourage continuous learning and innovation to delight the customers (Zairi, 2000). It is common, however, that companies who have customer feedback processes still do not use all the information available (Fundin & Elg, 2010).

Feedback can be divided into passive or active and codified or personal (Fundin & Elg, 2010), see fig. 2.5. An example of active feedback is when product developers visit customers and ask questions directly (Fundin & Elg, 2006), the company is actively searching for feedback from the users. Passive feedback, on the other hand, can be a survey online (Sampson, 1999), here the customer takes the initiative to provide feedback to the company. Active feedback has a higher response rate, but also a higher cost (Sampson, 1999). Codified and personalized systems complement each other to really understand the feedback (Fundin & Elg, 2006). Codified feedback is when the feedback is written down or in other ways saved in a database so that all people at the company can use the feedback. Personalized feedback on the other hand is when people know about the feedback but they only have it in their head that is transferred from face to face, rather than written down (Hansen et al., 1999).

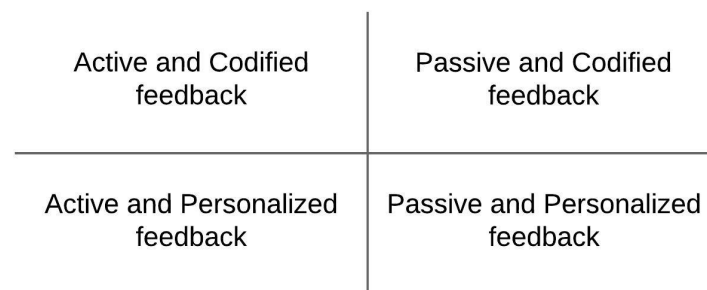


Figure 2.5: Different categories of feedback, based on Fundin & Elg (2010)

The feedback should be collected at the right time (Sampson, 1999) and potential costs if action is not taken has to be analysed (Zairi, 2000). Improvements should

be analyzed and prioritised (Zairi, 2000) and decision needs to be taken regarding if there is a need a quick fix or a more long term solution (Sampson, 1999).

2.7 Complaint Management

The reactive part of the feedback process is about handling customers' complaints. How a company handles customer complaints is an important part of customer orientation since it affects the relationship with customers (Knox & van Oest, 2014). Rust et al (1999, p. 89) claim that *"worse than expected quality hurts more than better than expected quality helps"*. Complaints can damage a company's reputation, but can also act as constructive feedback that the company can use for continuous improvement and to satisfy the customers (Hsiao et al., 2016). Encouraging and collecting complaints are good ways for companies to show the customers that they are listened to (Zairi, 2000).

Among the customers who do not complain, there are people who stop buying products because of their dissatisfaction (Fundin & Elg, 2006). Complaint management is actually cost saving for a company (Fundin & Elg, 2006). By handling dissatisfaction, a company can identify the hidden needs of customers and use the knowledge they get from the complaint when developing new products (Fundin & Elg, 2006). When developing new products from the customer's perspective, the customers get more pleased with the products.

Companies should encourage their customers to complain since it leads to strategic benefits for the company as well as to returning customers, if the complaints are addressed in a good way (Hsiao et al., 2016). Also, customers can have even higher repurchase levels if the complaints are solved quick and effective, than if no failure had occurred in the first place (Knox & van Oest, 2014). Listening and collecting complaints is a long term solution for improvements (Fundin & Elg, 2006).

A company needs to have a systematic approach to complaint handling and a standardized process or a system to log and process complaints (Zairi, 2000). A rule of thumbs to decide whether a problem needs to be logged in the system is: if one person complains, it is a signal that a problem may occur but if there are several people complaining about the same issue, it indicates that it definitely is a severe problem (Knox & van Oest, 2014).

Complaint management include individual complaint handling and aggregate complaint handling (Hsiao et al., 2016). Individual complaint handling should be taken care of quickly and close to the customer to avoid negative word of mouth (Hsiao et al., 2016, Zairi, 2000). Aggregate complaint handling investigates the causes of the complaints and improves the service quality and aims to reduce the complaints (Hsiao et al., 2016). Hsiao et al (2016) argue that Six Sigma, a methodology for continuous improvements, can be a help to find and analyze the cause of customer complaints.

Celuch et al. (2015 p. 286) claim that “*when the customers are interacting with the company and the employees at the company and experiencing social benefits from interacting, this has a strong positive effect on customers providing feedback to the retailer*“. This means that the customers are more willing to give feedback if they have a connection to the company. On the other hand, commitment is lower if customers are not involved in the company (Celuch et al., 2015). In table 2.2, a summary of factors affecting reactive feedback handling is shown.

Table 2.2: Reactive activities

Factor	Description	Reference
Gather statistics	Can be a systematic error if a complaint reoccurs	Knox et van Oest (2014)
Encourage complaints	Customers should be encouraged to send complaints to the company	Hsiao et al. (2016)
Handle complaints close to the customers	Complaints should be handled close to the customers to increase customer satisfaction	Zairi (2000)
Handle the complaints effectively	Complaints should be resolved effectively to increase customer satisfaction and to get the customers trust back	Zairi (2000), Hsiao et al. (2016)
Use the feedback	The feedback needs to be analyzed and used in a proper way in the right department	Zairi (2000), Hsiao et al. (2016), Sampson (1999)
Create incentives	Have incentives to encourage the customers to provide feedback	Sampson (1999)

3

Methodology

This chapter describes the methods used in the study, and includes *Research Strategy*, *Research Process*, *Data Collection*, *Analysis* and *Research Quality*.

3.1 Research Strategy

Data can be collected to test existing theories or to build new theories (Bryman, 2012), see fig. 3.1. A deductive research approach is when the researcher builds a hypothesis based on theory and confirm or reject the theory based on the findings (Bryman & Bell, 2015). An inductive research approach is reversed, the researcher builds theory based on the findings (Bryman & Bell, 2015). A deductive research approach is often connected to a quantitative research (Bryman, 2012), which handles numerical data (Leung, 2015). A qualitative research handles non numerical data (Leung, 2015). A mix between deductive and inductive research is called abductive, and is an iterative process between theory and investigation (Bryman & Bell, 2015). An abductive approach is beneficial in qualitative research when the researcher needs an understanding of the context (Bryman, 2012).

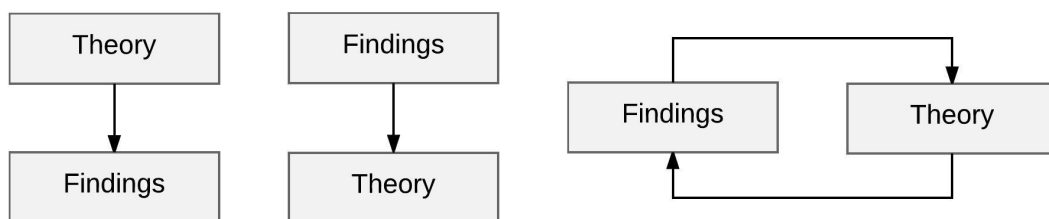


Figure 3.1: Differences between a deductive research approach (left), inductive research approach (middle) and abductive research approach (right).

This project was carried out as a qualitative research. It was suitable since the study concerned a phenomena that was generated at the same time as the research was conducted, and the researcher needed to understand the context and the informal processes. The research had an abductive approach where the findings and the theory were iterated. Further, it was suitable to do a case study at a company that currently expanded its customer segment.

3.1.1 Research Design

A qualitative case study is carried out by, for example, observations, ethnographic studies or qualitative interviews (Bryman & Bell, 2015). Case studies are common in business research and a case can be a single organization (Bryman & Bell, 2015). Since *the case company* was a small company, with R&D and marketing working close to each other, it was suitable to do a case study on how they worked with customer feedback. *The case company* did not have any standardized processes for handling customer feedback and therefore, qualitative interviews were conducted to identify any informal processes.

3.2 Research Process

The research process consisted of five main phases, as seen in fig 3.2, data collection, literature study, analysis of the data and literature, validation interviews and design of a new improvement suggestion. The data collection and literature studies were conducted iteratively and then an analysis was carried out. Based on the analysis, improvement suggestions were created and validated iteratively with new interviews.

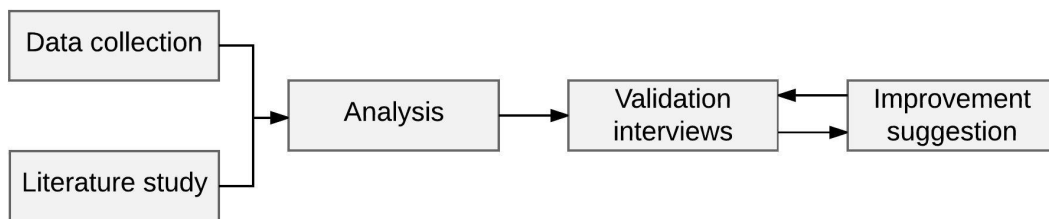


Figure 3.2: The research process

Literature included books, articles, thesis and other scientific publications. Articles were found via Chalmers Library and Google Scholar with keywords such as *customer satisfaction*, *CRM*, *market orientation*, *customer orientation* and *feedback*.

3.3 Data Collection

The data collection included internal interviews with employees, external interviews with customers and retailers and also an internal workshop, see figure 3.3. Data has also been collected by participating in meetings at the company and in conversations between the employees at the company since the researchers have been placed at *the case company's* headquarter. The researchers had two company supervisors who have been involved throughout the project, e.g. providing feedback on a presentation of primarily results.

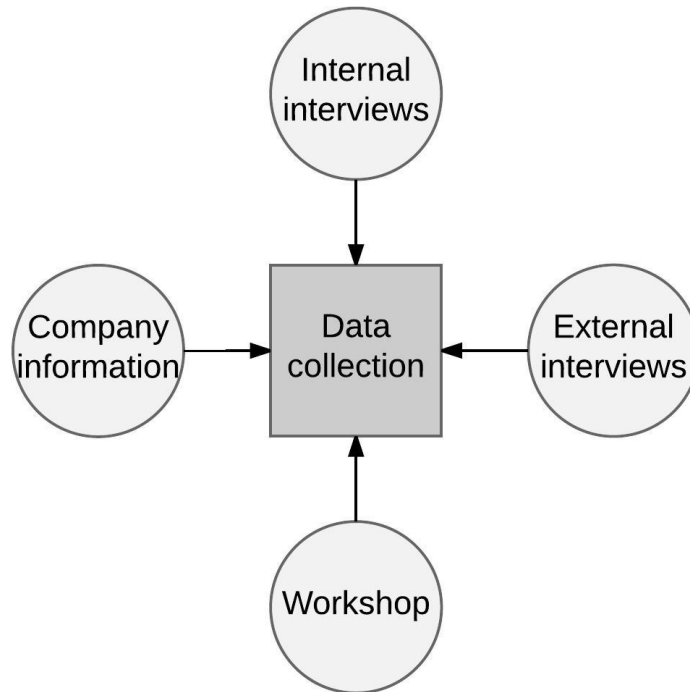


Figure 3.3: Overview of the data collection.

3.3.1 Interviews

There are several types of interviews, for example structured, unstructured or semi-structured. A structured interview is when the interviewer has a detailed template and asks the participants the same questions in the same order (Bryman, 2012). An unstructured interview is an informal interview where the interviewer has some topics that should be discussed (Bryman, 2012). A semi-structured interview is when questions are prepared but the interviewer is free to ask additional questions (Bryman & Bell, 2015).

Since *the case company* did not have any formal or standardized feedback processes, it was convenient to have semi-structured interviews with employees to understand how they collected and used customer feedback. The interviewees represented different departments in the company to ensure that they had experiences from various parts of the company. If the employees were not able to come to the office, a telephone interview was held. The sales department for Northern Europe was located in Germany and therefore, questions were sent through email. A list of internal interviews can be seen in table 3.1. The interview guide can be seen in appendix, the guide has allowed for adaptation during the interviews and follow-up questions have been asked. The interviews have taken place in *the case company's* head office, as well as at the retailers' offices in Gothenburg and Stockholm.

Table 3.1: Internal interviews

Participants	Years in company	Type of Interview	Time (minutes)
Marketing	1	Personal, semi-structured	30
Front Office	1	Personal, semi-structured	30
Marketing, social media	2	Personal, semi-structured	60
Product Manager	3	Personal, semi-structured	60
Technical Support	5	Telephone, semi-structured	30
Support (2 participants)	4, 2	Group, semi-structured	60
R&D	1	Personal, semi-structured	60
Product Manager	35	Personal, semi-structured	60
R&D	1	Personal, semi-structured	120
R&D, Marketing, Finance (3 participants)	1,1,1	Group, semi-structured	60
Finance, Support, Product Manager (3 participants)	4,2,3	Group, semi-structured	60
Marketing	<1	Personal, unstructured	30

In order to get an understanding of how the retailers and *the dealer* perceive the feedback process, interviews and visits at *the dealer* and retailers were conducted. To gain a deeper knowledge of how the customers experience the feedback process, interviews were held with customers with different experiences of the products. The customers could be ambassadors, regular buyers or persons who had ordered a product but not yet received it. If it was not possible to meet a customer for a personal interview or have a phone interview, questions were sent through email. A list of the external interviews can be seen in table 3.2 and a list of the people who were asked questions sent by email can be seen in table 3.3.

Table 3.2: External interviews

Participants	Type of Interview	Time (minutes)
Sales, retailer	Personal, semi-structured	30
Sales, the Dealer	Personal, semi-structured	120
Sales, retailer	Personal, semi-structured	60
User	Personal, semi-structured	120
Sales, the Dealer	Personal, semi-structured	120
User	Telephone, semi-structured	30
Experience from the case company's events (2 participants)	Group, semi-structured	120

Table 3.3: Questions on email

Internal/External	Participant
External	Ambassador
External	User
External	Future user, waiting for <i>the new product</i>
External	Future user, waiting for <i>the new product</i>
External	Sales, the Dealer
Internal	Sales, 7 years in the company

Validation interviews, i.e. interviews where the proposed processes were validated and discussed, were held both internally and externally. One internal interview was held with R&D and one external interview was held with a user. Two internal group interviews were held with employees from different departments to open up for discussions and get input from as many departments as possible, since involving employees according to Bergman & Klefsjö (2012) is a quality factor for the final improvement suggestion. One external group interview was held with two people who were not *the case company* customers, but had participated in events and visits at the company's headquarter. An unstructured interview was held with the digital marketing manager to validate if the improvement suggestions were possible to implement.

3.3.2 Workshop

AIM stands for Affinity-Interrelationship Method and is a quality management tool to support structured problem solving and identification of a root cause (Alänge, 2009). It is a structured brainstorming method that is inspired of the KJ-method (see chapter 3.4.1) as it handles clustering of qualitative data (Alänge, 2009). The workshop involves a team leader and 4-8 team members who start to brainstorm around a problem. Then the team members write down what they think are the causes of the problem, on post-its. The post-its are clustered into groups several times and finally, one sentence is created that captures the most important causes.

As a complement to the interviews, an AIM-workshop was held with five employees including front office, PR, social media manager, product manager and an engineer from R&D. The different departments represented an important part of the company and they had different inputs to the discussions. Marketing and front office had contact with customers while product manager and R&D represented the product development.

3.3.3 SWOT-analysis

SWOT is an acronym for a company's internal strengths and weaknesses, and its external opportunities and threats (Law, 2016). There was a need to establish an understanding of *the case company* as an organization, in order to get a long term solution for a new feedback process. Five employees from front office, marketing,

support and R&D participated in the analysis since they had different experiences within the company. They were asked to perform the SWOT-analysis individually.

3.4 Analysis

The data was analyzed by the authors using the KJ-method and process mapping to understand how the feedback process looks like today and what current problems that need to be solved.

3.4.1 KJ-analysis

KJ-analysis is a method that can be used to get an overview of a large amount of data. The method is named after Jiro Kawakita (Bligård, 2015). The idea is to start looking at the data in detail and then become more and more general as the data is clustered in different groups. The advantage of KJ-analysis is that the groups do not need to be defined before using the method, but can arise during the analysis (Bligård, 2015), which is also aligned with an abductive research approach.

A KJ-analysis was conducted by the researchers with the purpose to structure the data that had been collected. Since the researchers had taken notes during the interviews, the notes were broken down into patches consisting of 1-3 sentences. The notes were grouped within the same theme and given a group name, for example internal communication which included all the problems related to the lack of internal communication.

3.4.2 Process Mapping

A process map shows the different activities included in a process (George et al., 2005) and where improvements can be made (Taylor, 2017). A process map should be drawn before starting with the improvements (Taylor, 2017) and it should be as detailed as the project demands (George et al., 2005).

A process mapping was conducted on the informal customer feedback processes. It was based on the interviews, workshop and questionnaires with employees, retailers, *the dealer* and customers. The map was drawn iterative during the research to make sure all steps were included. It was later verified by the two company supervisors.

3.5 Research Quality

There are three main quality criterion for a qualitative business research; reliability, validity and generalizability (Leung, 2015). Reliability is described by Bryman (2012) as *"The degree to which a measure of a concept is stable"* and handles whether the research fulfill replicability (Leung, 2015). Replicability means that another researcher should be able to conduct the same research and compare the results (Bryman & Bell, 2015). To fulfill this criteria, the procedures should be

written down in detail (Bryman & Bell, 2015). Reliability can be enhanced by analyzing the data together with peers (Leung, 2015). Validity deals with how the tools, processes, data and choices of methods are suitable and that the research questions have been answered (Leung, 2015). Generalizability is whether a study can be applicable in other areas and can be reached by, for example, triangulation and documentation (Leung, 2015). Triangulation is when several methods or data sources are used in the same research and is a way to strengthen the credibility and validity (Elliot et al., 2016; Yin, R.K., 2013).

To improve reliability, the methods and procedures in the research have been documented in this report. The interview guide is attached in appendix. Validity has been reached by carefully choose the right methods for the research and to involve employees from different departments. To improve generalizability and triangulation, the researchers were located at *the case company* during the project where they participated in meetings, collected data from different sources and used different methods. Interviews with employees, customers and retailers have been conducted, as well as workshops and group interviews with employees. Validation interviews have been performed to get feedback on the improvement suggestions and make further reforms.

When conducting research, it is important to be aware of ethical considerations. Informed consent is an example of an ethical principle (Bryman & Bell, 2015). It says that the participant should have enough knowledge about the research that he or she can make a decision whether to participate in the research or not (Bryman, 2012). In this research, interviewees have been informed about the project aim, who the researchers are, and where they come from. *The case company* and its dealer and retailers, as well as the customers will be anonymous in the report.

4

Empirical Findings

In this chapter, the findings from interviews and the workshop are presented. Employees at the case company, the dealer, the retailers, the customers and potential future customers describe the situation today and what improvements they would like to see in the future.

4.1 Case Context

The case company sells their products through retailers. In Sweden, *the dealer* is responsible for distributing and selling products, both to three other retailers in Sweden as well as directly to the customers. The interviewed users claimed that the most important factor when they chose *the case company* is the image as a high quality product and the brand status.

From the SWOT analysis in table 4.1, it is interesting to see that *the case company* used to have standardized processes, but have lost them because of organizational changes. Since the company is growing, there might be even more organizational changes to come. *The case company* is a small company with few resources in a narrow market. Their competitors are bigger and have more resources and can develop and deliver products faster. An advantage of being a small company, is that they have been able to have a personal relationship with their customers. However, when the company and its customer base are growing, it will be harder to keep the personal help and the family feeling. On the other hand, it is an established company with a strong brand and experienced personnel, and they can compete with bigger competitors thanks to their personal touch, according to the employees.

Table 4.1: SWOT analysis

Strengths	Weaknesses
Employee loyalty Products Reputation Experience Personal help for customers	Lots of organizational changes No standardized processes Small company Few resources Narrow market
Opportunities	Threats
New customers Established on the market Software Image storage AR/VR	Faster competitors, since they have more resources To keep the family feeling when the company is growing

4.1.1 Internal processes and communication

Personnel experience that *the case company* needs to improve the internal communication between the employees. The communication occurs to a large extent informally, outside of structured processes. Employees claim it is because the company is small. A culture has evolved where the communication is handled in the corridor, with face to face communication. One employee says this is risky and that decisions are made on what they hear in the corridor instead of basing it on facts, as most information is not written down. This means that the information is not traceable. Sometimes emails are sent as a way to get this documented. To get involved and be informed, the physical location at the office is crucial. If a certain person is located in the same room, it means that he or she receives the information. There are also regular meetings, within the different departments as well as between the departments.

The case company is a project driven, technology push company. Several employees says that the company does not work with internal processes in the product development at all. Employees also said during interviews and during the workshop that a lot of decisions are based on gut feeling, instead of facts. They also claimed that employees had no common view of what the company stands for and where they want to be in the future.

4.1.2 Dealer and Retailers

The dealer sells the products to customers and to retailers, and the retailers only sell to customers. The strategy is that the retailers should have contact with *the dealer*, who should be in contact with *the case company's* sales department. However, according to customers, retailers, *the dealer* and *the case company's* employees, this

is not how it works in reality. Instead, *the dealer* and some of the customers have contact with the headquarter instead of the sales department.

The sales department at *the case company* is located in Germany. *The dealer* therefore prefers to have direct contact with the headquarter, since they are located in the same city. Employees from *the dealer* and from *the case company* have worked a long time in the companies and therefore know one another. *The dealer* would prefer to have the sales department located in Sweden, instead of Germany, to simplify the communication.

The dealer has contact with *the case company*, but the retailers do not have direct contact with the case company. The retailers are not satisfied with this. They wish to have a closer relationship with *the case company* and claim that the more information they get from a brand, the more willing they are to sell their products.

Employees from *the case company* believe that the communication with *the dealer* and the retailers are working fine while interviews with the dealer and retailers show the opposite. *The dealer* claims that they want to work even closer to *the case company* to strengthen the relation and to share knowledge with each other. As one employee at *the dealer* said "we want to have better contact since the Swedish market is large and [the case company] is a Swedish brand. We should be able to work closer together". Contrary, one employee from the case company said "... [we have] lots of contact with the dealer of course".

The new product was delayed for six months due to the high interest and many orders, which *the case company* was not prepared for and they could therefore not produce in the needed pace. When interviews with retailers were made, they had still not sold the new product. During the workshop, employees said that the delays reveal the communication flaws in the company. The customers turns to the retailers, *the dealer* and *the case company* to get information of the arrival date, but no one has any answers. *The dealer* says it is frustrating for the customers since there is no communication, but also for themselves since they do not receive any information from *the case company*.

4.2 Customer Relationship Management

Today *the case company* does not have a CRM-system. However, employees think that the company needs to have one to get to know their customers better and to be able to customize their services.

4.2.1 Expanded Customer Base

Interviews with employees show that *the case company* is growing. As a simplification for the report, the returning customers will be called *professionals*, and the new segment of customers will be called *prosumers* since the returning customers in general are professionals and the new product is a cheaper product for the customers

that in general use the product both at work and on their spare time. Employees say they also notice a change, especially on internet forums and social media, that it is a growing interest and more discussions after the release of the new product. *The case company* has expanded their customer segment, selling three to four times more products since the release of the new product. With the growth, more problems with the new product arises and the lack of processes become noticeable since they do not have enough resources to solve the issues. The only preparation done to meet the new growing market is the support department, whom have prepared to receive more products. *The dealer* and the retailers both say they can see that a new customer segment has ordered the new product. There are also returning customers who want to have the new product as a smaller and more flexible option to their main product. In general, the professionals buy their products at *the dealer* and prosumers buy their product at retailers. One of the employees at the sales department said during an interview "*A difference with [the new product] is that many new customer are aspiring professionals, who were brand followers but prices and/or bulkiness was not convenient*".

Users were asked what services they expect from *the case company* and answers were e.g. to be able to borrow or rent a similar product from the retailer if the regular product needs to be repaired. Potential future customers were asked what services they valued if they would buy a product from the case company. One wish is to be able to follow a product from the order placement, through production to delivery. Retailers claim that professionals buy the new product and want the same service as they are used to, while prosumers expect the same service they get from other brands. They also think the case company needs to be better at their service offerings, to be able to compete with the other brands on the market. One important factor to have in mind is that professionals need answers fast, preferably within one hour, according to *the dealer*, if they have problems with their equipment since the products are their working tool.

Customers and retailers want to get invited to the head office to meet employees, talk about the products and give personal feedback. Another wish from the already existing customers is to be able to borrow a product when a new is released to try it and in return give some feedback about what they like and dislike about the product. One customer says "*I think my experience would contribute in the development of future products*".

When asking a retailer about why their customers leave *the case company* for their competitors, the retailer thought one reason was that the competitors have better product repair service. The retailer claim *the case company's* reparations are the most expensive of all brands. The retailer suggests a membership which customers can pay for, to get faster support and reparations, or be able to borrow a product when their equipment is being repaired.

Both retailers and users think *the case company* could gain more customers by analyzing customer needs and how the customers work. A wish from users is that

the case company should involve current customers more. This could be by having workshops and inspirational evenings at the case company's head office and get a chance to try out new equipment. This is something that some of the retailers are interested in as well.

A retailer also states that they had a lot of knowledge of the customers' needs and demands since they work closer to the customers. But generally *the case company* does not ask for customer feedback and therefore, does not receive the information about the customers that the retailers have.

4.2.2 Touch Points

The case company's touch points include social media, website, events, workshops, phone number and their official email address. The company's website has a phone number and an email address visible on the home page and customers choose to email or call when they have any questions. The webpage has a locked platformed where customers can log in and register their products, called "my page". The email address goes to the front office manager, located at the headquarter. Often the customers are redirected to the homepage to find their closest dealer. Customers also use different online forums on the internet that *the case company* employees read as input on what the customers think about the company and the products. However, there are people participating in the discussion who are not customers.

During the interviews, *the case company's* customers were asked what they thought about the website. Users think it is important to have a website that feels updated, with a blog that shows more of how *the case company* works. One user wants *the case company* to show the Nordic heritage better, for example by involving more Nordic users. But also to show *the case company's* heritage by showing old products with specifications. Also, more inspiration and recommendations, for example via webinars are asked for. A customer has a suggestion to have an app as well, to always carry the information close when they are out working.

The social media manager on *the case company* says one of the most important things for customers is to get answers as quick as possible. The social media strategy is to answer quick, personal and try to make the customers ask questions via direct messages, so it can be kept private between the customer and *the case company*. Often the customers are redirected to contact their retailer who can solve their problems.

The case company has an internal Q&A (questions and answers) sheet on a cloud service where the social media responsible can find some answers to customers' questions. If it is more difficult technical issues, the social media responsible sends an email or asks his colleagues directly to try to solve the problems for the customers. The employee has by experience learned what information in the comments that are relevant and therefore should be sent via email to the concerned department.

On social media, there are a few customers who actually complain, but the complaints are visible for everyone and therefore it is necessary to listen and resolve the problems as quick as possible. The employee has noticed that more people are involved in discussions on social media after the release of *the new product*. However, there are people who are involved in the discussions that are not customers.

Today, *the case company* also meets their customers at different events and workshops. The employees are positive about the events, where they can meet customers in person. Retailers and *the dealer* also have positive experiences from events. The customers think it is important for *the case company* to create a discussion with them and have a two way communication so both *the case company* and the customers can learn from the events. *The case company* does not have a structured way to gather the feedback they get at the events, although they see it as a possibility to work further with.

4.3 Customer Feedback Processes

Since the sales are handled through *the dealer* and the retailers, the customer feedback has predominantly been collected by them. However, with today's technology and social media platforms, customers have started to connect directly to *the case company*, for example through social media and email. Often the customers get a standardized answer where they are redirected to the retailer because there is no standardized way to handle these contacts within the company.

4.3.1 Current Feedback Processes

A feedback flow with the informal processes is shown in fig. 4.1. Employees identify a disadvantage with the current flow, namely that a lot of feedback from the customers will be lost when the feedback has to go through many steps. During the workshop, employees claimed that if a retailer or *the dealer* can not answer questions, they redirect the customers to *the case company*. *The case company* in turn has a policy to refer questions to the retailers. This creates a loop where the customers do not get help. The employees also discussed during the workshop that customers only get help when they are really upset since *the case company* wants to make the customers happy but at the same time does not have the resources to help all customers.

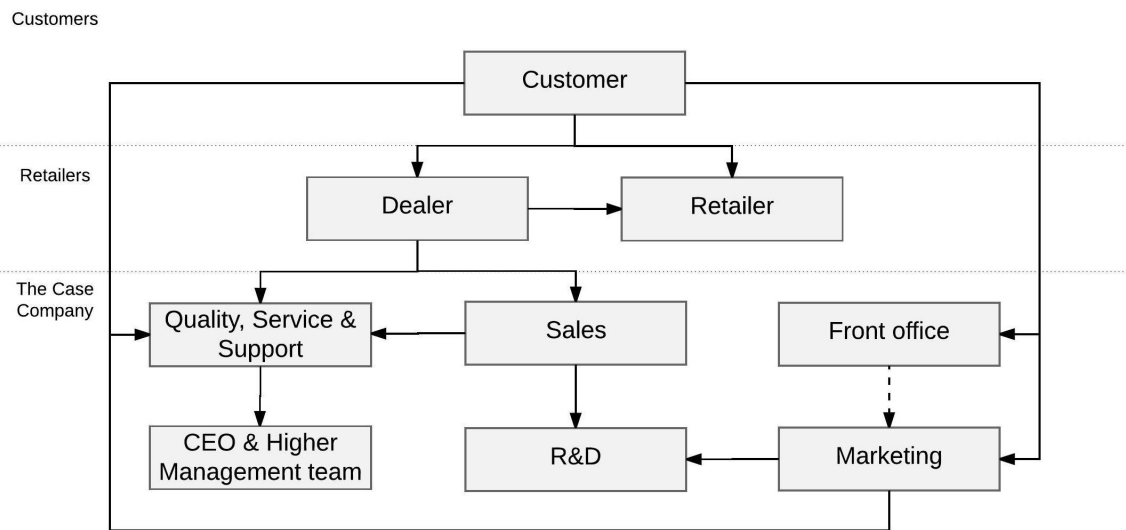


Figure 4.1: Illustration of the current situation

The case company has direct contact with some customers since a few professionals have got to know employees at the case company and can therefore turn directly to the support department to get help with their equipment. *The dealer* has the same relationship with some professionals and can help them even if they are off duty. *The dealer* meets their customers on fairs and events when they demonstrate products.

Since there is no standardized way to handle the contact today, the feedback from the customers is not always presented in a useful way and does not always reach the concerned employee at the case company. One employee says "*We do not have a systematic approach to gather data*" Since the company has employees which have been working in the company for a long time, they have close contact with some customers and get feedback that way. *The dealer* sends feedback to the employees he knows in person. Employees say that when they see feedback in online forums, they do not know who to give the information to. The support department log their information as cases, but not as feedback. Other feedback is not logged. The support department is the only department that gathers statistics. Employees discussed during the workshop that every complaint should go through the support department so that they have all statistics.

The sales department experiences that the positive aspect of the current feedback handling is that they can filter and rate the information they get from *the dealer* and only deliver the important information to the headquarter. They also get the knowledge themselves and stay in contact with both the headquarter and *the dealer*. Negative aspects with the current feedback handling include that they can not see how often a certain feature is requested, if a problem occurs, if it is solved or not and when it will be solved. Another aspect is that *the dealer* and the retailers solve a lot of problems themselves and that information is never shared with the case

company. As one employee said “*We do not have a really good way to get feedback*”. *The case company* wants the customer feedback to go via the retailers since it works as a filter and avoids too much information to reach the company. Retailers and customers experience that *the case company* and *the dealer* have never actively asked for feedback, but they were positive to share their opinions. On the contrary, personnel from *the case company* expresses that the professionals do not have time to leave feedback and instead expect the prosumers to be more interested in leaving feedback.

One thing that customers mean create value for them when leaving feedback is to make it personal, for example by getting a reply when leaving feedback on the internet. Another way is to leave feedback in person to the employees at the case company, via a factory store or a national repair center where the staff have a close contact with *the case company*. To leave feedback at a forum is also possible, where the information can be discussed and other users can see and comment. Interviewees said it is important that personnel from *the case company* is moderating the forum and answers the questions.

4.3.2 Main Challenges

To find the main challenges in the company a AIM-workshop was done. The question the participants brainstormed about during the workshop was: “*What have been the biggest problems with using the complaints and suggestions of improvements from the customers?*”

The brainstorming map can be seen in fig. 4.2. Marked in dark grey are eight categories, which will be elaborated on in the following text.

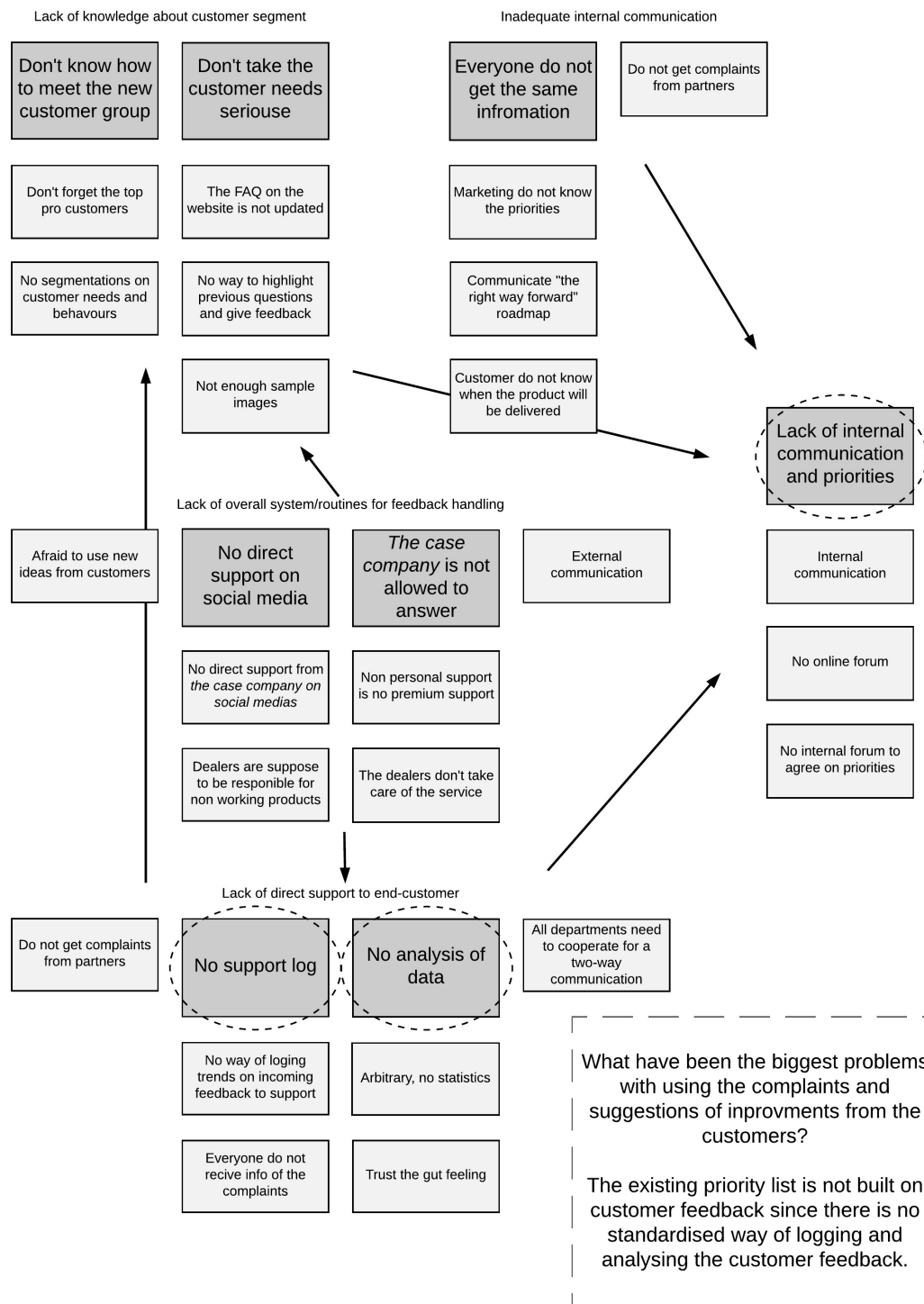


Figure 4.2: AIM workshop

Lack of knowledge about customer segments. The case company does not know how to meet the new customer groups. At the same time, they can not forget about the old professional customer segment when there is an increased amount of customers. Also, they do not know much about the new customers' needs and behaviours. The case company does not take the customer needs seriously. The customers ask questions and give feedback but the case company does not use the knowledge they already have. Customers ask for an updated FAQ on the webpage and more sample images.

Lack of direct support to end-customers. The case company has not a direct support on their social media channels. The retailers and the dealer are supposed to take care of the customers when a product is not working, not the case company. Today, many customers contact the case company on social media for help but the case company has a policy to let the retailers and the dealer handle the support in the first step. The case company is not allowed to answer. Sometimes the retailers and the dealer do not help the customers with their problems and therefore, the customers contact the case company instead. The case company is not allowed to answer because they do not have the resources. Employees think non personal support is no premium support.

Lack of overall system/routines for feedback handling. The case company does not have a support log. Since there is no way to log complaints there is no way to see what complaints are recurring. Not everyone receives the complaints because they are not documented. They do not analyze the data because there is no way to log the data and get statistics out of it, it is impossible to analyze it. The case company makes decisions with the gut feeling and not with help from the data.

Inadequate internal communication. The case company has a lack of technical internal communication and priorities. One problem is that the communication at the case company is not optimal, especially between different departments at the company. They do not have a common forum for all employees and they do not decide together what the priorities are. Externally, the customers have not been given information when their products will be delivered. Internally, there are goals in the company and a plan how to reach them. However, not everyone in the company have taken part of it. Also, not all departments know about the priorities.

The answer from the AIM workshop resulted in: *"The existing priority list is not built on customer feedback since there is no standardized way of logging and analyzing the customer feedback."*

4.3.3 Complaint Management

The customers' issues are handled by the support department and they have their own database where they store information about product errors. If a problem re-occurs several times, it is sent to the quality manager. If the problem is serious, it is transferred to the higher management team and the CEO. There are also many

of the problems in the database that are not followed up, this can be due to them not being serious enough or recurring enough times. The employees experience that *the case company* should be better at working more actively with these issues to try to solve them and understand the root cause.

The dealer and the retailers say that it takes a lot of time to handle customers complaints, and the time could be used to sell more products instead. Also, retailers do not earn anything from handling the complaints. Professionals also lose money when a problem occurs, the longer they have to wait for their product to be repaired, the more money they lose. If a problem occurs, the problem reaches *the case company* via support and has to be handled immediately. Support can also find other problems when a product is sent in to be repaired and that is another way to identify problems. *The dealer* claims that the new customers are used to the support they get from other product brands with more resources.

4.3.4 Customer Involvement

Interviews with employees shows that customers are not involved in the product development process. Earlier attempts with involving customers via focus groups had not been regarded successful. Among the employees at *the case company*, there are different opinions about involving the customers. The employees who have been working in the company for many years experience it is good enough with the customers they have gotten to know personally. One of the employees says "*I want the customers to be involved earlier in the process*" and another says "*we do that indirectly because we have so much contact with the customers but we don't ask them, we have done that before but it was too hard to analyze the result*" and refers to the customers he knows in person. Some employees think it is really important to involve customers earlier and let them be part of the product development process while other employees, who have worked a long time in the company, think they already have a feeling about the customers' needs. One employee states "*A lot of the products that we develop are based on what the customers want, I hope*".

4.4 Synthesis of Empirical Findings

All information from the interviews was analyzed with a KJ-analysis to find the problems with the existing feedback process and understand what is important when designing a new process. From the KJ-analysis three groups of problem areas were defined.

Internal communication. This group involves information about how *the case company* is communicating, they talk to each other at the office, mostly within their own department. Communication between the different departments is not working as good as in the specific departments.

External communication. This group includes information about the communication between *the case company* and the retailers or the customers. The investigation

about who is communicating with who and about what. Retailers want to have a better and closer contact with *the case company* but *the case company* is not aware of it, personnel think they have an excellent contact with the retailers. Customers want to have a more personal contact with *the case company*. *The case company* uses social media to communicate with customers. *The case company* also has a website that need to be updated since many customers rather use the e-mail address on the front page to ask questions directly to *the case company* instead of their retailers.

Customer involvement. *The case company* has clustered their customers into different segment but they do not know who their new customers are after the release of the new product. *The case company* does not actively search for feedback from retailers or customers. Personnel want to work with active feedback since it can solve a lot of problems. *The case company* is based in a small niche and it is crucial to understand the industry and how the market is working. *The case company* offers several services, including workshops and what the customers expect when they buy a product, to get more value. The group also include the support and reparations of the products.

5

Analysis

With help from the theoretical framework, the empirical findings were analyzed. In this chapter, the text is organized according to the research questions. First, RQ1, *How is the customer feedback on the offerings processed today?* is investigated. Then, RQ2, *How has the expanded customer segment changed the need of feedback processes?* is explained. Then the last research question, RQ3, can be answered: *How can a process be designed to handle the feedback effectively, both in a proactive and reactive mode?*

5.1 RQ1: How is the customer feedback on the offerings processed today?

As stated in current literature, it is common that companies collect feedback but do not use it (Fundin & Elg, 2010). At *the case company*, several employees collect feedback by talking to customers they know, or by reading online forums. However, the company does not have a systematic way to analyze and use the feedback. When the feedback is not analyzed, companies miss information about customers' hidden needs (Kaulio et al., 1999).

It is crucial for a company to handle complaints. Fundin & Elg (2016) argue that if 20 persons have a problem, only one will complain. Handling complaints is also a way for a company to understand customers' hidden needs (Fundin & Elg, 2006). The support department receives complaints since they are responsible for reparations of the products and they gather statistics. The marketing department and front office have contact with customers and therefore also receive complaints. They do not gather statistics and only forward information they think is crucial to R&D or to support. During the workshop, employees expressed that customers only get help when they are really upset. Hsiao et al (2016) say companies should encourage complaints since it leads to strategic benefits for the company. Neither *the case company* nor the retailers encourage customers to send in complaints. The complaints should be handled close to the customers (Zairi, 2000) and this is done since customers should visit their retailer if they have problems with their products. Sometimes retailers can help and solve the problem direct in the store, but the drawback is that *the case company* will not know about the issue. *The case company* should work more with complaint management to make sure they keep their customers satisfied.

5.1.1 Knowledge flow

CRM is one way to strengthen the relationship with the customers and get more satisfied customers (Rodriguez et al., 2014). Today *the case company* does not have a CRM-system and does not work with it, but the employees think *the case company* needs to. The purpose of CRM is to deliver the right knowledge, to the right people, in the right time (Alshawhi et al., 2011). Codification is when knowledge is transferred in databases and personalization is when the knowledge is transferred between people (Fundin & Bergman, 2003). At *the case company*, they almost only work with personalized knowledge, they communicate with each other in the corridors and most of the communication is held face to face. They do not store information in a database or in other ways create knowledge they can find later if needed. As the company grows, it will be more and more important to have standardized processes.

In addition to codified and personalized knowledge there are also tacit and explicit knowledge. Explicit knowledge can be written down while tacit knowledge is unarticulated and built on senses, experience and intuition (Nonaka, 2009). *The case company* are experts on tacit knowledge, they talk and learn from each other in their daily work. *The case company* has several employees who have been working in the company for many years and therefore have a lot of tacit knowledge about the products and the customers. The problem is that *the case company* does not have a lot of explicit knowledge, employees do not document their knowledge. Therefore, the company depends on the employees, especially the ones that have been working in the company for a long time. Nonaka (2009) states that knowledge should be written down and the explicit knowledge should be collected and used. *The case company* should work proactive and have standardized processes to collect the customer needs. By doing so, the experienced employees can participate and translate the VoC into product requirements.

Shin et al., (2001 p. 343) state that “*Knowledge flow in an organization is fundamentally driven by communication processes and information flow*” and describe the knowledge management value chain.

Create means that knowledge needs to be added and already existing knowledge corrected if needed (Shin et al., 2001). At *the case company* they create knowledge, but predominatly technical knowledge and not so much knowledge regarding the customers’ needs and demands. At the retailers and *the dealer* they have knowledge about the customers, but it is not used in an efficient way since *the case company* never asks for the information.

Store refers to the individual, as well as the organizational memory, and how to make a knowledge base (Shin et al., 2001). Here, *the case company* has knowledge but do not store the information and do not write it down. When the information is in the employee’s head and not written down, it is hard for other people to use the information. At the retailers and *the dealer* it is working in the same way, they have the knowledge but they do not store it so it can be used later.

Distribution handles how to exchange knowledge between the user and the source (Shin et al., 2011). *The case company* exchanges knowledge with face to face communication, especially within the departments. However, when it comes to distributing the information between departments, it is not working equally good. The knowledge consists primarily of technical knowledge and experience from previous projects. A lot of the knowledge the customers, retailers and *the dealer* have is not distributed because it is not stored. This means that the knowledge never reaches *the case company* and can not be used. Therefore, *the case company* should improve their relationship with customers and retailers, this will be further explored in chapter 5.2.

Apply means to use the knowledge to solve problems and to integrate internal and external knowledge, for example by looking at feedback (Shin et al., 2001). Since there are many steps that the information needs to go through before it reaches R&D, information gets lost. Employees experience that the most critical information reaches the right employee but a lot of the other information that can be used to improve the products get lost on the way.

5.1.2 Touch points

A company has several touch points where the company and its customers can interact (Chen & Popovich, 2003). *The case company's* touch points include social media, their website, events, workshops and their official email address and phone number. They also have the retailers and *the dealer* as touch points. Customers found it difficult to receive the information they needed on the website and therefore used the email address or phone number to get in touch with *the case company*. The phone number was not working at all which led to customer dissatisfaction. A quick fix is to remove the phone number and the email address from the web page to take some confusion away for the customers. Then *the case company* needs to analyze and decide what information they want to collect in what touch point.

Important touch points are *the dealer* and the retailers. *The case company, the dealer* and the retailers all had different views of how the communication worked. The retailers were dissatisfied by not having a personal contact with *the case company*. *The dealer* was satisfied to be responsible for the contact with the retailers, but thought the relationship with *the case company* could be better. However, it is important to note that *the dealer* has an economic advantage by selling the products to retailers. Employees at *the case company* said that it is important to have a good connection with retailers. Retailers want better communication with *the case company*, either to come to the headquarter, or to get visits to the store. To improve the relationship between the case company and their retailers, *the case company* should organize workshops and trainings about their products. This is also a way to ask the retailers about what feedback customers have. Employees also wanted local sales employees and managers to visit the retailers on regular basis.

5.2 RQ2: How has the expanded customer segment changed the need of feedback processes?

There are several employees at *the case company* who have been working in the company for many years and therefore have personal relationship with some customers and employees at *the dealer*. Therefore, they have tacit knowledge; knowledge that is unarticulated and built on senses, experience and intuition (Nonaka, 2009), about what the customers need. This also creates a shortcut for some customers when they have an issue with their equipment. Instead of contacting the retailer, who will contact *the dealer*, who will contact sales, who will contact the headquarter, some customers talk directly to a person they know at the headquarter. This makes *the case company* dependable on experienced employees and, even, employees from *the dealer*. Now that the customer segment is expanded, *the case company* needs standardized processes to handle the feedback. To work with a standardized system with the customer feedback and develop a relationship with the customers is a good way to satisfy customers (Challagalla et al., 2009). Today, *the case company* does not have the resources to allow more customers have direct contact with the headquarter.

Sampson (1999) states that a company has to identify its customers. *The case company* trusts their gut feeling and experiences but do not work systemically with understanding who their customers are. Matzler et al., (2016) state that a satisfied customer is more likely to buy products for a higher price. It is critical that they work with customer satisfaction since they sell exclusive products and therefore have fewer customers than their competitors, who also have products in lower price segments. Today, *the case company* does not work with customer orientation, but they would definitely gain from starting since customer satisfaction leads to greater financial results (Olsen et al., 2014). It can be difficult to implement customer orientation activities since some personnel were skeptical about listening to customers. Also, the employees had different views on how involved the customers are in the product development process. As one of the employees from the marketing department at *the case company* said: “A lot of the products that we develop is based on what the customers want, I hope”.

5.3 RQ3: How can a process be designed to handle the feedback effectively?

Challagalla et al. (2009) describe that companies can work proactively and collect feedback before the product is finished. However, interviews with other employees showed that *the case company* does not work in a standardized way to collect VoC. The reactive phase aims to collect feedback from customers when the products have reached the market in order to improve already existing products. The proactive and reactive phases both follow the management value chain, which Shin et al. (2001) describe with the steps create, store, distribute and apply, see fig. 5.1.

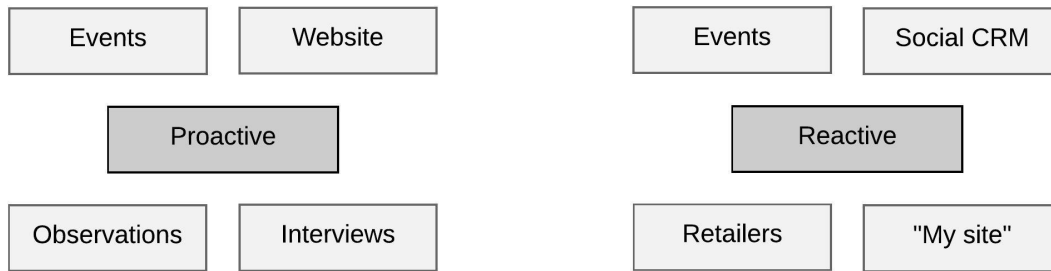


Figure 5.1: How the company can work proactive and reactive with the feedback

The proactive phase collects input from customers through retailers, observations, interviews, events and the website. The reactive phase collects feedback through a social CRM software, events and “my page”, which is a part of the website only customers, personnel and retailers have access to.

Events can be proactive since it is a way to acquaint the customers and understand how and where they use the products. Events can also be reactive since customers can leave feedback directly to personnel about the already existing products.

Rodriguez et al. (2014) state that after sales services and personalized services to key customers are processes included in customer orientation. Bustinza et al. (2015) highlight that services is a way to create more customer satisfaction. Also, it is a way to get feedback through an iterative process which can be used in the product and service development (Gebauer et al., 2005). *The case company* has events, for example workshops and presentations of new products, which are appreciated by customers. To further improve the events, *the case company* should gather feedback from the participants. The retailers and *the dealer* can be invited to the events as well, since this will be an opportunity for them to learn more about the products and to get a better relationship with *the case company*.

5.3.1 Proactive

To make the customer satisfied, both today and in the future, working with customer orientation is key (Narver & Slater, 1990). Lagrosen (2001) states that working with customer understanding, their needs and demands, is crucial for successful product development. Therefore, it is time for *the case company* to start working with customer orientation.

One part of working with proactive market orientation concerns the handling of the unexpected customer needs (Narver et al., 2014). When analyzing the data from the users the hidden needs are found (Kaulio et al., 1999). To collect the customers' hidden needs, *the case company's* employees should attend and observe when the

customers use the products. This can be done by following a user during his day at work or at events and workshops. Interviews are a good complement to ask follow up questions and clarify the user's actions. Some of *the case company's* employees were sceptical since they thought customers did not know what they wanted. A Kano questionnaire can be used to compare and cluster the customers' requests (Matzler et al., 1996) and *the case company* should use it as a tool. A challenge will be to avoid leakages of sensitive information about the products.

A process was sketched on how the information can be gathered proactively, see fig. 5.2. *The case company* should have a user expert who is responsible for collecting needs and demands from customers and owns the information. It is important to have one person that is responsible for the customer care within a project (Zairi, 2000). The information can be gathered direct from customers or retailers, or from statistics from questionnaires at the website. Subsequently, the user expert should translate the needs and demands into a requirement list which will be used for concept development. The requirement list needs to be generated with all types of requirements in the Kano model, the attractive, one-dimensional, indifferent, must-be and reverse attribute requirements to include all the customers needs, both today and in the future (Löfgren & Witell, 2005).

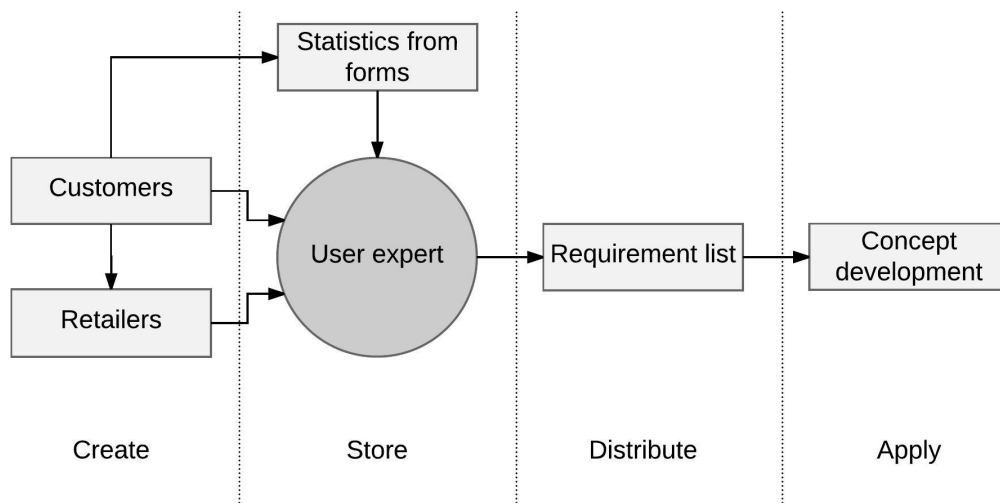


Figure 5.2: A suggestion on how the company can work proactively

Reactions on the proposed proactive process proposal were: “*You have really filled a gap.*” and “*Really interesting [with a user expert], I think it is very needed.*” Employees thought the user expert role should consist of a cross functional team with members high up in the hierarchy, who work in close proximity to the CEO, so they can make decisions and use the requirements from the requirement list. By analyzing the information from the customers, the employees understand the customers and find their needs, even the hidden needs (Kaulio et al., 1999). To start with, one person is going to be the user expert and work close to the other departments

and integrate employees from the other departments so all departments have contact with the customers, to have the same view of the customers and get firsthand information to understand the user (Kaulio et al., 1999). The finance department claimed that it is necessary to create a business case to be able to see the return of investment. It was a wish that the user expert should hold events, meet customers and retailers, and also educate the retailers on how to listen to customers. A detailed illustration of the proactive feedback process can be seen in fig. 5.3.

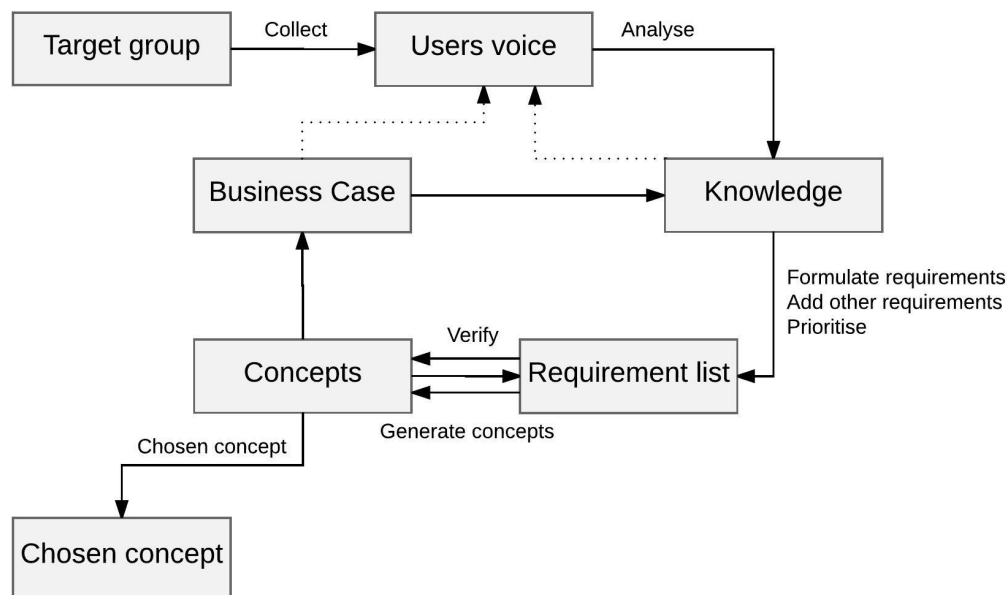


Figure 5.3: Detailed illustration of the proactive feedback process.

The case company needs to decide the target group and who is going to buy and use this product (Kaulio et al., 1999). By observing customers using products to understand how they work, and ask questions is one way to create an understanding of the customers' needs and demands. In this step you create the knowledge and correct the already existing knowledge (Shin et al., 2001). After the collection of the data, the user expert analyzes the data to get the knowledge about the users and translate the knowledge into a requirement list with help from, for example, the Kano model (Löfgren & Witell, 2005). In the requirement list the storage of the the knowledge is created to be able to distribute it in the concept development. When a requirement list is created it is time to generate concepts and verify them with the requirement list. In this step the application of the knowledge is done and the usage of the knowledge to solve the problem (Shin et al., 2001). Then the concepts have to be validated because the information deteriorates for every interpretation and a lot of people have been working with the data (Kaulio et al., 1999). When validating the concepts a business case is created to be sure to make money and what the profit is going to be. Then the concepts will be checked against the requirement list to make sure that the requirements are fulfilled and then choose one that is most

in line with the requirement list. A table of how *the case company* can work with proactive feedback can be seen in table 5.1.

Table 5.1: Improvement suggestion for proactive feedback handling

Factor	Reference	The case company	Improvement suggestion
Identify the customers	Sampson (1999)	Employees trust their gut feeling and experiences.	The customers should register on a webpage where they can describe themselves and have an overview of their products.
Process based approach	Zairi (2000)	Product based approach. Decisions have to be made on a management level.	The company can start with a process based approach in one project.
Continuous dialogue with customers	Zairi (2000), Kaulio et al. (1999).	No standardized process but there is a personal contact with old customers and experienced personnel.	Better contact with retailers create better contact with customers. Keep the personal contact with professionals. Be active on the online forum and have more events and workshops where customers and retailers are invited.
Communication between departments	Kaulio et al. (1999)	Regular meetings with selected employees from different departments.	Work with cross functional teams, for example in a user expert role.
Measure customer satisfaction	Zairi (2000)	Do not measure customer satisfaction.	Ask customers, send a form after buying a product and after a reparation.
Leadership in customer care	Zairi (2000)	Do not work with customer care.	Work with customer orientation to understand the customers.
Have a common goal	Sampson (1999)	Do not gather feedback in a systematic way.	Everyone should understand who the customers are. Have a feedback responsible who gathers and analyzes the feedback who has an overall view and can create a common goal.

Social CRM is when a CRM system is integrated with other web based systems (Heller & Parasnis, 2011). To use social CRM is a way to understand the customer's needs (Rodriguez et al., 2013). The customers should be encouraged to

write about themselves and their equipment. This is a way to let *the case company* know their customers, as well as an opportunity to sell more products, relevant to the existing equipment. An employee from *the dealer* claimed “*People like to write about themselves, just ask*”. *The dealer* had a request that the website should involve news and information about the equipment, since they wanted to have all information gathered in one place. To gather a lot of information in one place, the customers know what touch point to use. To decide what information that is going to be sent in at that touch point and to steer the customers to use this touch point makes the customers more committed to the company (Chen & Popovich, 2003). It is also a place where *the case company* can communicate to their customers on coming firmware updates, events and other happenings. *The dealer* said that *the case company*’s competitors have support systems online where customers can share their issues and find answers. “*That is how everyone does it, except from the case company*” - *the dealer*.

The case company should have a CRM software where personnel can collect feedback and statistics. When gathering data from the customers, the company can create the right customer oriented market response (Rodriguez et al., 2014). During the group interview, the participants agreed that *the case company* should have a CRM system. They also said that it is really important for *the case company* to keep the close relationship with the professionals. Using CRM is one way for a company to strengthen the link and relationship with the customers and make them more satisfied (Rodriguez et al., 2014). An employee stated that “*We can not forget our core customers when the company is growing, if we lose them, we lose our core*”. *The case company* needs to know their customers better and be able to customize the services to the customers. Using CRM is one way and it creates a better relation with the customers.

Heller & Parasnis (2011) suggest that companies can have support on social media platforms, as part of social CRM. Aral et al. (2010) even state that customers expect companies to respond to feedback and questions online. *The dealer* and users wanted online support, for example via a chat function on the website, to get answers quick. However, since *the case company* has few resources, an easier solution is to let customers or other interested people ask questions on social media during a limited and specific time, where someone from the headquarter is online and answers. Reactions from employees were “*ah, smart*” and they suggested a live session for an even more personal contact. *The dealer* said it is important to be critical of sources, especially on social media, and it has to be analyzed to see how representative the posted views are.

Chen & Popovich (2003) state that customers expect to have access to the company at all time. Therefore, it is important that companies have an updated and working website. The website can be utilized to let the customers find answers to their issues by themselves to relieve the employees at *the case company* and to make it easier for the customers to solve their problems. Employees wanted the website to have a clear step by step guide on what to do if they have a problem. The website should

have a FAQ, frequently asked questions, where customers can find answers quickly. Knox & van Oest (2014 p. 44) state that "*one complaint may signal a forgivable error, but more than one complaint may indicate a more systematic problem.*" To see what problems re-occur, the page administrator can collect statistics on what questions the page visitors read. To both gather the information to understand the customers and to be able to measure the customer satisfaction, is a good way to work (Zairi, 2000).

The case company already has, what they call, "my page" on their website, which is a platform where customers can register their products. This is a locked platform that can only be used if the person owns a product. An improvement suggestion is to use this site to collect feedback directly from customers. Interviewees expressed that they wanted extended warranty, as an incentive to register products and give more details about how they use the products. To gather feedback from "my page", the customers will get forms when they register their products on how they have experienced their products so far. After some time they get new questions about what they like and dislike with their products.

One challenge with feedback that never reaches the company is when *the dealer* and the retailers handle complaints in their stores. One solution is to have an online forum where customers can discuss and help each other with problems. Customers, retailers and *the case company* employees should also have access to the forum. During an interview with a customer, he was positive and had experience from one of *the case company's* competitors, who had a similar online forum. *The dealer* was also positive and said that they could help *the case company* to administer the page and answer questions. A summary of the improvement suggestions, based on the existing literature and the empirical findings, can be seen in table 5.2.

Table 5.2: Improvement suggestion for reactive feedback handling

Factor	Reference	The case company	Improvement suggestion
Gather statistics	Knox et al. (2014)	Support is the only department that gather statistics.	The website can be used to gather statistics from forms and from where on the web the customers move.
Encourage complaints	Hsiao et al. (2016)	Neither <i>the case company</i> nor the retailers encourage the customers.	Send out forms on the website and talk to customers and ask them during events and workshops. Customers can rent products if they fill in a form afterwards.
Handle complaints close to the customers	Zairi (2000)	Retailers can help the customers with some technical issues. Sometimes marketing department answer directly.	Retailers should continue to help customers. Customers can also help themselves by finding answers on the FAQ or online forum. Support can be online on social media during a limited time.
Handle the complaints effective	Zairi (2000). Hsiao et al. (2016)	Know they have to repair products as quick as possible and try their best.	Complaints should be transferred to the right location that have the right knowledge and preparation to solve the issues effectively.
Use the feedback	Zairi (2000), Hsiao et al. (2016), Sampson (1999)	The feedback is not analyzed and therefore cannot be used.	The feedback responsible should analyze and send the feedback to the right department so it can be used.
Create incentives	Sampson (1999)	No incentives.	Explain why the form is sent out.

5.3.2 Feedback processes

The case company also needed a standardized customer feedback process with fewer steps that the information should pass, to minimize the information loss. A suggestion for a new process can be seen in fig. 5.4. The feedback process follows the management value chain, which Shin et al. (2001) described with the steps create, store, distribute and apply.

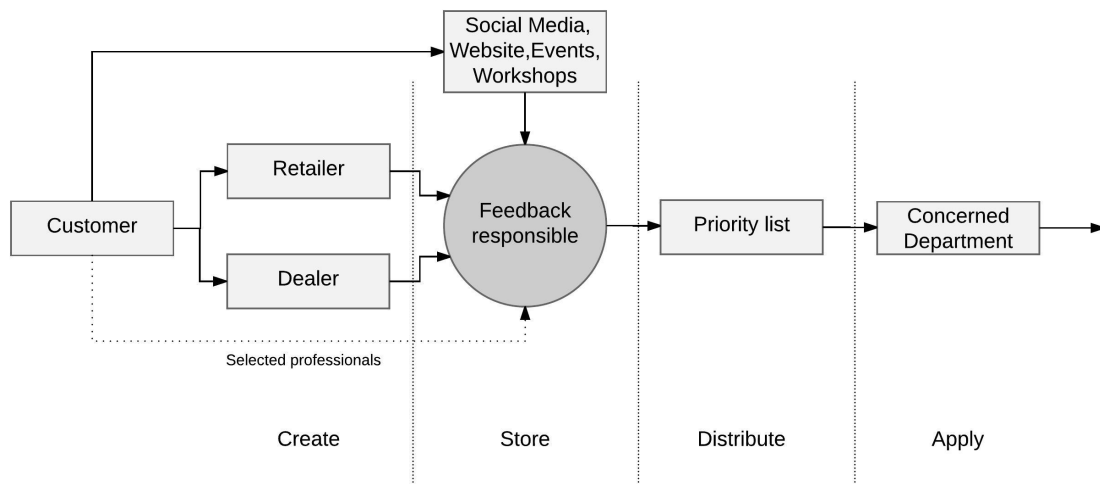


Figure 5.4: Improvement suggestion for the reactive feedback

Sampson (1999) claims that having a person responsible for the feedback makes the group work together towards the same goal. Therefore, *the case company* should have a designated employee responsible for customer feedback, whose role is to collect the feedback, gather statistics, prioritize complains and make sure the feedback is analyzed and sent to the concerned department. The feedback responsible owns the feedback until it is delivered to the concerned department. The feedback responsible should have a close contact with *the dealer* and the retailers, and have regular visits to gather feedback they receive from customers. The retailers do not have to go through *the dealer* to communicate with *the case company*. Since it is a small company, one employee is a significant investment and therefore it is a start to have one. Eventually, the feedback responsible could consist of a team.

The feedback responsible also gathers feedback direct from customers from the website, workshop, events, fairs and social media. It can be by forms or face to face conversations where employees writes down the opinions and send it to the feedback responsible. To keep the family feeling, some selected professionals who are important customers, have direct contact with the feedback responsible. *The dealer* thought it would be possible to separate the professionals and the prosumers, to prioritize the professionals' complaints. This is ways to create the knowledge in the company. After creating the knowledge this feedback will preferably be gathered and stored in a social CRM software. The feedback responsible distributes the feedback to the concerned department and after that the concerned department takes over the ownership of the feedback and makes sure the knowledge is applied, as seen in fig. 5.4.

Hsiao et al. (2016) argue that complaint handling can be divided into individual complaint handling and aggregate complaint handling, where individual should be taken care of as soon as possible, while the aggregate should investigate the causes. A detailed map how the feedback responsible work with and take care of the feedback can be seen in fig. 5.5. If a customer has a problem that is easy to solve, it should

be sent to the concerned department in order to be solved as quickly as possible. It is also important that it is documented for future references. If the problem is complex, a root cause analysis should be conducted. It is also documented as it reaches the priority list.

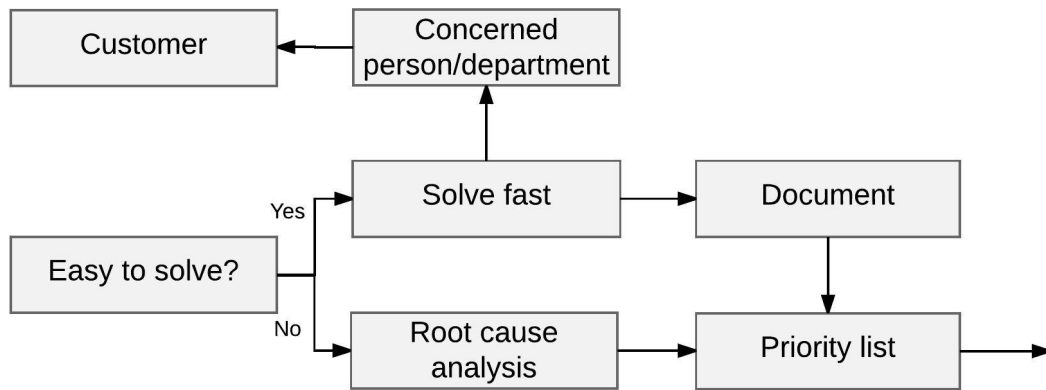


Figure 5.5: Detailed improvement suggestion for the reactive feedback.

6

Discussion

This chapter includes the discussion and is divided into implications for research, managerial implications and future research.

6.1 Implications for research

The purpose of this thesis is to study how a developing and manufacturing company with exclusive products handles the feedback today and how the feedback process can be improved to create knowledge for future product and service offerings when the customer segment is changing. Since *the case company* had released a new product, and therefore expanded their customer segment, it was interesting to investigate what new challenges that might arise. However, the new product was delayed and therefore it was difficult for the researchers to compare the differences. What could be seen, however, was that a lot of new customers had ordered the *new product*.

Several studied articles focused on complaints, for example Zairi, 2000; Fundin & Elg, 2005; Knox & van Oest, 2014; Hsiao et al., 2016 and Tripp & Grégoire, 2011. In this research, it has been presumed that the complaint management tools can be used for positive feedback as well.

Hsiao et al. (2016) state that companies should encourage complaints. The researchers on this project think this has a positive impact on social media as well, since people might not find it necessary to express their dissatisfaction if they have already gotten help with their problems.

The case company is dependant on their retailers to sell products. This is not rare nowadays. Several companies do not sell products on their own, different brands on the food market is only one example. It is unavoidably to miss customer feedback and the retailers can not possibly gather all feedback from customers and distribute it to all their brands. Also, the retailers can not possibly be experts on all brands they are selling. Therefore, it is even more important to gather feedback in other ways. Zairi (2000) argues that complaints should be handled close to the customers and Hsiao et al. (2006) argue that the complaints should be handled effectively. When companies sell their products via retailers and let the support and complaints go through the retailers as well, it is hard to handle the complaints close to the customers and effectively. And, if the retailer can solve the problems directly, the companies will not know there have ever been a problem. In this research, the

improvements suggest to have regular meetings with the retailers, to be able to unthread some of the issues.

The AIM workshop was successful, it lead to a lot of discussions between departments and helped the researchers to get a deeper understanding of *the case company* and what issues the personnel experienced.

The existing literature talk about formal processes but little about informal processes, which *the case company* has. It might be the same for other small companies and therefore would be important for more researcher to bring up. The theory is focused on bigger companies and it is a gap to the reality, such as *the case company*, that has very little standardized processes overall.

The researchers have not yet found a similar solution as in this research, where the feedback is “filtered” in several steps.

6.2 Managerial implication

The reviewed company sell exclusive products, which leads to a small number of customers. Therefore, they should be more eager to take care of the existing customers and listen to their feedback.

The dealer benefits from selling to the retailers and therefore might not be positive about letting *the case company* having more contact with the retailers and the customers. It is also a factor that should be taken into consideration when analyzing how they perceive the feedback process.

The case company trusts its ambassadors to give feedback. But, they may be careful to complain to stay in a good relationship with the company. Therefore, it is important that *the case company* encourage the ambassadors to complain and have improvement suggestions.

Since social media is a new technology, there are not many articles in the area. Hopefully, this research can help other companies to understand the positive aspects of using social media as part of their CRM initiative.

It was positively to ask retailers and customers on how they perceive the feedback process. For example, that was how the current informal feedback process could be identified. Also, the customers gave a lot of feedback directly on the products. Therefore, other companies are recommended to visit their customers and ask how they perceive the processes today, and if they already have any improvement suggestions.

The thesis has not investigated the implementation. However, *the case company* had already started with quick fixes and were positive about the improvement sug-

gestions. They have already started with a new website and will develop it further. Therefore, the researchers believe the company will continue to work towards a customer oriented business. The implementation needs to be iterated during the implementation to find a good way to work, the improvement suggestions is not that detailed, it is more of a framework how to work.

The theory has not promoted shortcuts for important customers to get in touch with the company. However, it has still been part of the solution since *the case company* was satisfied with it.

The results included two processes, one that aims to collect feedback proactively and one to collect the feedback reactively. The website should be used to gather feedback as well. Hopefully, this will result in less feedback on the social media channels. It is better that customers can give the complaints directly to *the case company*, instead of expressing it in front of thousands of people on social media.

6.3 Future research

The thesis is limited to Sweden and the next step will be to adapt the suggestions to fit internationally as well, since different cultures are different and work and act in various ways. In the interview with the social media employee, differences in how people use social media and how they communicate at different forums depended on culture, were shown. For future research, it would be suitable to look at cultural differences on social media.

Since the new product was delayed, it was not possible to see all the effects on the informal feedback processes. Therefore, it is interesting for future research to do a case study at a company that has already expanded its customer segment a time ago and therefore has more experience from it.

Finally, it would be interesting to see more research about how companies can collect feedback from social media and how a company can decide who they should listen to.

7

Conclusion

The purpose of this thesis is to study how a developing and manufacturing company with exclusive products handles the feedback today and how the feedback process can be improved to create knowledge for future product and service offerings when the customer segment is changing.

How is the customer feedback on the offerings processed today?

Today, *the case company* does not have any standardized processes to collect, analyze and use customer feedback. Instead, they have informal processes to collect feedback from social media, forums on the internet, customers the employees know and via the support department. This means *the case company* collects a lot of feedback but they do not know how to analyze it so it can be used for future product and service offerings.

How has the expanded customer segment changed the need of feedback processes?

The case company has sold three to four times more products than before due to the release of *the new product*, which was located in a lower price segment. This product is purchased by old customers as well as to a new customer segment. Today *the case company* does not know a lot about their customers and especially not the new ones. Since they used to have a limited number of customers, their personal relationship to some key customers were good enough. However, now when they have more customers and the company is growing, they are in need of standardized customer feedback processes.

How can a process be designed to handle the feedback effectively, both in the proactive and reactive phase?

In the proactive phase, the customers' feedback is used to develop the best products for the customers to avoid problems to occur when the product is released. A user expert should be responsible and work close to the other employees to create a good understanding of the customers and their needs and demands. To find the VoC, customer oriented methods like observations and interviews should be used. *The case company* should also develop their events and their website, and use the platforms to collect information about the customers.

The reactive phase refers to the feedback as a reaction on the already existing products. It can be complains or improvement suggestions from customers. Here, *the case company* should have a feedback responsible who is responsible of collecting, analyzing and distributing the information to the right person. This feedback can be collected from social media via a social CRM software, from the online forum and forms on “my page”, from events or from retailers. To work with both proactive and reactive phases, product and service offerings that will be developed that will make the customers satisfied and loyal to the brand.

8

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Appendix

The interviews were semi-structured and therefore this was only a base for the interview and follow-up questions were asked.

Interview guide, internal

What is your position?
How do you communicate with your co-workers?
How would you describe your customers?
Have you noticed any difference after the release of the new product?
How often do you meet the retailers? Do the retailers visit you here at the head office?
Do you have any courses or events for the retailers?
Do you ask the retailers for feedback?
Do you get positive feedback from retailers?
When the retailers receive feedback, do they send it to you?
What happens to the feedback from social media?
What happens when you get positive or negative feedback from customers?
Can you give us an example of when a customer complaint reached you and how you solved the problem?
When a product is sent to the case company for support, can you describe the process?
Are the customers involved in the design process?

Interview guide, external

What is your position?
What product do you use?
How come you chose that product?
Who is a typical customer for the case company?
What service do you expect when buying a product from the case company?
Where did you buy the product?
How have you experienced the delays of the new product? Whom have you turned to with your questions?
If you would have any issues with your products, what would you do?
Do you follow the case company on any social media? Which?
How often do you visit the webpage?