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3 EFFECTIVE METHODS FOR ASSESSING **CUSTOMER NEEDS**

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O Design Thinking and Innovation, Entrepreneurship & Innovation



To be a successful business leader, you have to understand your customers. While many companies focus on acquiring consumers, a strong brand relies on retaining them.

There are several ways you can ensure customers are satisfied with your product or service. One of the most efficient methods is assessing their needs. Here's an overview of what customer needs are, how to assess them, and why understanding them is crucial for your business.

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WHAT ARE CUSTOMER NEEDS?

<u>Customer needs</u> are problems or pain points consumers are trying to solve. They're usually frustrations or uncertainties surrounding experiences that drive customers to search for products or services that resolve them.

Customer needs fall under one of three categories:

- **Functional needs:** Needs that focus on achieving a specific task or function. Customers require solutions that allow them to perform these activities.
- **Social needs:** Needs that fixate on the perception of a product or service. While these needs aren't at the forefront of a customer's mind, they can impact their final decision.
- **Emotional needs:** These needs concentrate on feeling a certain way when using a product or service.

Understanding needs is important because customers' expectations are at an all-time high. According to <u>Salesforce's "State of the Connected Customer" report</u>, 66 percent of customers expect businesses to understand their needs. You must give customers a personalized experience to stay competitive in the market; understanding their needs is one way to accomplish this.

Addressing customer needs can also translate into loyal, recurring users. Salesforce's report shows that 91 percent of customers say they're likely to make a repeat purchase after a positive experience, and 71 percent say they've made a purchase based on their experience with a company alone.

METHODS FOR ASSESSING CUSTOMER NEEDS

Several methods can help you effectively identify customer needs; most involve asking important questions about the consumer and their journey.

For example, "What's the experience structure?" and "Where are opportunities for innovation?"—these questions involve the construction of a customer journey map.

Another question you can ask is, "How can I understand the user experience?" In the online course <u>Design Thinking and Innovation</u>, Harvard Business School Dean Srikant Datar touches on this question through the "Look, Ask, Try" framework.

1. Look

The best way to understand customer needs is by studying your audience. Start by collecting data and observations around customers' journeys by placing yourself in their shoes. By considering the perspectives of those you design for, you can understand their pain points and categorize them as explicit or latent.

- **Explicit:** These are easily identifiable pain points. Customers are aware of their challenges and can clearly define them.
- Latent: These frustrations are harder to pinpoint or recognize. Most customers may not even be aware they exist.

It's important to note: This framework is especially effective when identifying latent needs. Since this method requires careful, unbiased

observation, it produces solutions that focus on how real customers connect with a product or service. Making assumptions can lead to less effective user research and, in turn, solutions.

2. Ask

Consider asking your audience more open-ended questions to uncover new ideas and perspectives. Instead of critical questions, have your audience share insightful observations about your product or service. Questions like "What did you like best about your experience?" or "How did you find out about us?" help get inside customers' minds.

Don't confine research to your customers. Involve stakeholders in the conversation and develop innovations around your mutual goal: customer needs. For example, consider brainstorming sessions focused on a particular survey question and examine how team members apply market knowledge to behavioral questions.

If you want to research users more thoroughly, <u>conduct interviews</u>. This method requires more structure than broad queries, but questions should never guide customers to a specific answer. Observations gleaned from leading questions are less likely to yield successful results because the data is shaped by bias. Avoid this by demonstrating patience and a positive attitude.

3. Try

The best way to understand the user experience is by going into the field and participating in the same process customers do. Innovation can occur during brainstorming sessions and interviews, but putting yourself in customers' shoes can help you develop empathy for them.

For example, a hospital staff who wants to improve customer experiences in the emergency room should interact with patients at different stages. Interviews may reveal frustrations with the front desk, but this only illustrates a pain point—not a customer need. Sitting in waiting rooms is an excellent way to observe interactions with the front desk and understand what could be improved.

It isn't always possible to make observations in the field. If you encounter barriers, use props or other physical approximations to mimic reality. This method may not be as insightful as real-world experience, but working through scenarios is crucial to moving past customers' pain points to their needs.

MEET CUSTOMER NEEDS THROUGH DESIGN THINKING

Once you've assessed user needs, find ways to meet them. Although there are several tools you can use to find solutions, design thinking is among the most effective.

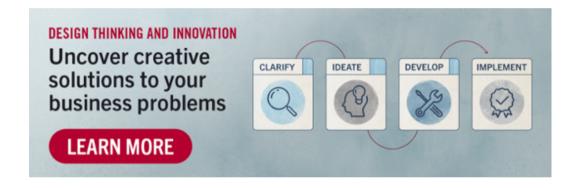
Design thinking is a solutions-based, human-centric mindset. It's an empathetic method that involves strategizing and designing innovative solutions based on insights gleaned from observations and research.

In <u>Design Thinking and Innovation</u>, Datar presents design thinking's principles using the <u>four stages of innovation framework</u>:

- **Clarify:** This stage focuses on clarifying a problem by conducting research to empathize with your target audience. The goal is to identify key pain points, enabling you to find the right solution.
- **Ideate:** The ideation stage focuses on idea generation to solve problems identified during your initial research. This stage requires overcoming biases to ensure innovative ideas.

- Develop: The development stage involves exploring potential solutions generated during ideation. Prototyping is used to validate a solution's effectiveness.
- **Implement:** The final stage is implementation. This involves advocating for a developed idea to stakeholders and encouraging its adoption at your organization.

Within this framework are parallels between assessing customer needs and design thinking's clarify stage. Both require research and observation that ultimately lead to empathizing with the consumer. This intersection is why design thinking can be leveraged to develop innovations that serve customer needs.



WHAT DO CUSTOMERS WANT?

After collecting and organizing observations around customer needs and solutions, you can analyze your data for further insights, such as overlooked pain points, latent needs, or new problem framing. This final step is vital to understanding your customers fully. It's also closely related to <u>creative</u> <u>problem-solving</u>—another <u>effective innovation tool</u> you can leverage to improve customers' experiences.

Finding ways to make customers happy doesn't have to be complicated. If you solve their problems and give them what they need, they're likely to not only purchase from you once but multiple times thereafter.

Eager to learn more about how design thinking can help you innovate? Try our online course <u>Design Thinking and Innovation</u>, which will teach you how to apply the design thinking framework to the innovation process. Interested in our other <u>entrepreneurship and innovation courses</u>? Download our <u>free course flowchart</u> to determine which best aligns with your goals.

About the Author

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