Researchers, bad news is inevitable. Set expectations.

The authors share why it is critical for marketing researchers to set expectations in advance that – in most cases – bad news is coming.

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In the July 10 issue of Quirk's e-newsletter, Sean Campbell and Isabel Gautschi of Cascade Insights published an article saying it is OK for researchers to give bad news. We'd go one step further and say that it is critical to give bad news and that researchers we must set expectations in advance that – in most cases – bad news is coming.

There are three reasons to set such expectations:

- In most cases the client has not figured out the situation completely so the results will require a rethink. Further, if all you do is confirm their basic premise, you are adding little if any value.
- As the researcher, you will be setting the stage for enhancing the top and bottom line in terms of revenue and word of mouth.
- You will also be putting information in place for proper action and innovation.

As Gautschi and Campbell note in their article, you may need to wear Kevlar to absorb the negative reactions. However, with proper preparation at the beginning of the project, researchers can avoid shoot-the-messenger scenarios.

1. Stress probable surprises.

When discussing the delivery of results, ideally with both the research manager and the sponsoring executive, mention that surprises often occur including both counterintuitive results and dissatisfied customers. The earlier you warn about possible bad news the less impact it will have when presented.

2. Justify giving bad news.

We've presented more than 500 sets of study results over the past few decades and the single most effective action you can take is to place a bottle of Tylenol in the middle of the conference table at the beginning with the comment, "You're not paying us to make you feel good, you're paying us to help you make more money."

Management by anecdote, legacy culture or a feel of "this is the way we've always done things" can create quite a hurdle to implementing real change but tying insights (even if the news is less than positive) to balance-sheet implications can help overcome these pitfalls. Stress that the customer input was gathered to provide a new perspective and, to the degree that it does, it is helping the company become more competitive.

We find that if you talk in terms of customer experiences you can focus management on two areas of opportunity with the biggest payoff: dissatisfied customers and somewhat satisfied customers.

- First, there are customers who are dissatisfied. Our firm's Market Damage model (based on seven national customer rage studies over the last 15 years), shows that customers with problems are at least 20 percent less loyal and spread lots of negative word of mouth. If you translate your data into how many customers this implies, the dissatisfaction becomes much more compelling.
- Second, there are customers who are somewhat satisfied. Our research shows that these customers are dramatically more price sensitive, meaning that they would not pay a premium for the product. Most clients say they do not want to compete on price.

The summation of the two points above would be, "The research will show where 250 customers are at risk and where another 750 are not willing to pay a premium for your product due to their current experience. While the news we're going to share today may not be exactly what you want to hear, you will see a clear opportunity if you act on the findings."

3. Show the monthly revenue and word-of-mouth payoff of embracing the negative findings.

In almost every case, if the customer is not happy with the offering or the experience, there is an impact on sales, loyalty and/or word of mouth. If you can quantify revenue and word of mouth you can get specific enough to motivate action.

The four things you need for this quantification are:

- value of the customer;
- number of customers put at risk each month;
- word of mouth due to bad experiences; and
- assumption or actual measure of impact of negative word of mouth.

You can get the value of the customer from either the CFO or the CMO (at least a rough assumption). Your research should indicate how many customers have had the bad experience. You can either measure word-of-mouth volume and impact or negotiate conservative assumptions with your client's marketing department. With these four factors, you can develop a rough estimate of the revenue at risk per month and the amount of negative word-of-mouth responses the experience is producing.

While a knee-jerk reaction may be to fight – not embrace – bad news, if you can quantify the revenue loss and negative word of mouth prevented by avoiding the problem, you can create the economic imperative to act. If you quantify the cost of inaction, you precipitate action. Greed works!

4. Avoid assigning blame and provide a cross-functional recommendation.

In almost every satisfaction survey, the results are used to evaluate specific individuals or departments. If you've bought a car in the last decade, you've heard the salesperson beg, "Please give me a five or I'll get fired." Survey results don't need to be so myopic in focus and should also take a broader, organization-wide emphasis. If the results focus on the process and outcome rather than place blame, everyone is less defensive.

A better approach is to focus on specific customer experiences and ask the question, "How and when do current processes result in this type of customer experience?" This question focuses on the end-to-end customer experience including expectation-setting rather than where the complaint surfaced.

Recently we worked with a manufacturing company and found that short shipments were a key pain point. In asking how they occurred, we found that when processes were allowed to work as planned service was good, but that these processes were often disrupted by executive interventions. By focusing on the macro rather than on a specific department we were able to deflect blame from the operations staff and gain cross-organizational and executive buy-in. The icing on the cake was providing a cross-functional recommendation which again deflected blame from a single department and focused on the process.

CALL OUT GOOD NEWS

Almost every research project will produce bad news in at least some areas. But Mary Poppins was onto something when she sang "a spoonful of sugar helps the medicine go down." We found most clients viewed customer contact and complaint reports negatively until we added a "good news" section. Find at least two units to compliment. Does this mean that the calls to action have been removed from the findings? Certainly not, but readership and acceptance go up dramatically as executives see how research can make them look good to top management.

In most cases bad news is the best thing you can provide to a client. By helping them embrace these insights, you are giving them the tools to avoid a disaster and capitalize on opportunity.