

Debunking  
**Myths**

About Customer Needs



## Give your customers the proper role in the innovation process by forming correct beliefs about their needs.

By Lance A. Bettencourt

“Don’t throw the baby out with the bathwater!” Now this is an admonishment that I can get behind, because it seems that many companies are doing just that. They’ve done what they consider to be the right thing, by using voice-of-the-customer inputs to guide the innovation process, but innovation still isn’t going well. Too many new product ideas still get cancelled late in the product development process. Too many new products remain just incremental improvements over current offerings. And too many new products meet with ambivalence from the customers they are intended to satisfy. So, these same companies are now tempted to throw out customer needs as the foundational input into the innovation process.

No doubt, the bathwater is dirty: The front end of innovation remains as murky as ever, even for many companies that have embraced voice-of-the-customer processes. But many well-intentioned academics and consultants these days, in playing down customer needs, are essentially suggesting that we should throw out the baby as well. But this is not true: Customer needs can and should guide innovation. So where does the problem lie?

The answer is both simple and profound: It is the failure to understand exactly what a customer need is. Vague, solution-tainted requirement statements have led practitioners and academics alike to believe several myths about the nature of customer needs. Based on our experiences with companies across a variety of industries, my colleagues and I have identified five myths that have a particularly pernicious effect. Like all myths, they have a basis in reality, but their unquestioned acceptance as truth is leading many companies astray—leading to wasted resources, disjointed innovation executions, missed growth opportunities, and product concepts that miss the mark with customers. It’s time to expose each myth and reestablish a proper valuation of customer needs in the strategy and innovation process.

### Myth No. 1: Customers Can’t Articulate Their Needs

“Ignore Your Customer!” This provocative title for a 1995 article published in *Fortune* magazine has become the mantra of a generation of product managers who operate under the mistaken belief that customers cannot articulate their needs. Customers will mislead you if you ask them about their needs—or so the thinking goes. A simple

## EXECUTIVE briefing

Five myths concerning customer needs undermine the innovation process. The author of this article describes the destructive influence of each myth, as well as the reason why it is false. By understanding the true nature of customer needs, a company can avoid falling prey to these myths—and will recognize the true place and value of customer needs in the innovation process.

search on the Internet reveals many examples of blogs, magazine articles and even job announcements reinforcing this view when reviewing the challenges of innovation in the face of customers' so-called latent, unarticulated needs. The detrimental consequences of this false thinking are significant: When the innovation team presumes that customers cannot speak for themselves, then the opinions and priorities of team members themselves prevail. And instead of the voice-of-the-customer, the company gets the voice of the innovation team—as company insiders and consultants vie to translate what customers have said into what they believe are the customers' true needs.

The myth that customers cannot articulate their needs is perpetuated by innovation success stories such as the microwave, the Sony Walkman and (more recently) the Apple iPod and iPhone. The story goes something like this: "If you had asked customers, they couldn't have told you they needed the iPhone. Therefore, it must be true that customers cannot articulate what they need."

But there's the rub: However brilliant it may be, the iPhone is not a customer need. The iPhone—like the microwave and Walkman before it—is a solution to a customer need. When companies get solutions and customer needs confused, it confuses the role of the customer and the company in the innovation process. Customers articulate their needs; it is up to the company to create a solution.

It is not the role of the customer to provide technology ideas to the company, or even to evaluate the potential for a new technology to satisfy their unmet needs. How would they know? They are not technology experts. Confusing these roles leads to infamous stories, such as those recounted in the *Fortune* article, in which customers have rejected now-successful innovations. But the truth is that those customers were not guilty of being unable to articulate what they needed; they simply could not evaluate whether a proposed new technology would satisfy their needs—quite a different task. When customer needs are defined in a manner that distinguishes them from solutions, not only can customers articulate their needs, but those needs become the valued foundation the innovation process requires.

Try this simple experiment. Consider the innovation problems you are trying to resolve—possibly by reading this article. If asked to state these problems, you might respond that you're

hoping to reduce the possibility of developing a product that customers don't need, that you want to ensure that your marketing and research and development (R&D) departments coordinate their go-to-market strategies or that you want to determine which products in the pipeline should receive development priority. Put the same task before a group of marketing executives, and you will find it quite simple to elicit 40 to 50 such statements. These statements are needs in search of innovative solutions in today's market. They are perfectly well articulated. The customers—in this case, the marketing executives and you (the reader)—have done their part; now it is up to someone to provide the solution.

### Myth No. 2: Customers Don't Know What They Need

Perhaps even more destructive than the myth that customers cannot articulate their needs is the myth in its more extreme form—which says that customers don't even know what their needs are. It is this myth that leads many product managers to conclude—incorrectly—that innovation is the process of "creating a customer need." In truth, even the most innovative product does not create a customer need. Companies can and do create demand for particular product forms, but this should not be mistaken for creating the underlying needs that a solution satisfies.

Such misguided thinking is especially apparent when product managers speak about new-to-the-world innovations. "If the solution we're going to propose does not yet exist," the managers say, "then how can customers possibly know that they need it?" But again, the managers are confusing solutions with needs. A product or service may do something that has never been done before, but the needs it addresses will have been long-standing. Unfortunately, the consequences of such confusion are significant. When companies that are searching for new-to-the-world innovations confuse solutions and needs, the cliché "think outside the box" often becomes "think outside the customer"—with the result being unfocused and scatter-shot efforts at innovation, that inevitably produce low success rates. Every now and then, this approach may generate a blockbuster product. But then again, as another cliché tells us, "Even a blind squirrel finds an acorn once in a while."

The truth of the matter is that customers "hire" solutions

to help them get jobs done. When we define customer needs around the jobs that customers are trying to get done, then we can see that new innovations—even the most radical or disruptive innovations—do not create a customer need. They simply satisfy a customer need in an innovative way. Furthermore, if a company can learn how customers evaluate how well they're able to get jobs done using today's solutions, then it can learn precisely where customers have needs that are currently unmet by any solutions—fertile ground for innovation. (See the "What Is a Customer Need?" on this page for more detail on how a customer need should be defined.)

Consider the following example. IntraLase Corporation, now part of Advanced Medical Optics, introduced a radically new way for surgeons to perform LASIK eye surgery: It created a laser that releases tiny, rapid pulses of light to create a corneal flap. Prior to the introduction of this laser, surgeons relied primarily on a microkeratome blade to create this flap and expose the underlying tissues. Despite its generally good results, the blade was associated with certain risks related to abnormal healing and vision defects. In comparison, the IntraLase laser reduced the likelihood that a patient would need retreatment, reduced the time it took for patients' visual acuity to stabilize, and reduced the risks of certain postoperative vision aberrations—all clinical outcomes that the LASIK surgeon needed to achieve even before the IntraLase laser was introduced to the market. The surgeons couldn't have said that they needed the IntraLase laser because that's not, in fact, what they needed: What they needed was to do the job of creating a corneal flap in a LASIK procedure, while minimizing certain risks and problematic outcomes. The IntraLase laser was the solution that helped them get that job done better. It was the answer to their needs, not a need itself.

### **Myth No. 3: Different Customers, Different Needs**

A participant at a brainstorming session for healthcare solutions once commented, "If you've seen one hospital, you've seen one hospital!" This humorous comment captured the recognition that every hospital has its own way of doing things. But it would be dangerous to conclude that because each hospital has its own way of doing things, each hospital is trying to satisfy a different set of needs. Unfortunately, that is precisely what many companies conclude when they witness different types of customers using distinct solutions to get a job done. The rationale goes something like this: "Customers are using a variety of solutions. Customers come up with solutions that fit their needs. Therefore, if customers are using different solutions, it must be because they have different needs." This mistaken conclusion is especially common when a company is seeking to develop an innovation strategy across geographic and cultural borders, where distinct solutions for the same job are common.

## **What Is a Customer Need?**

**M**uch of the confusion concerning the proper role of customer needs in the innovation process stems from an unclear understanding of what a customer need is. Solutions, features and product requirements are not customer needs, and yet they have all been treated as such at one time or another.

There are two forms in which customer needs may be stated that properly reflect the customer's definition of value. First, there are job statements. A job is a fundamental goal that customers are trying to accomplish or a problem they are trying to resolve in a given situation (e.g., prevent cavities, learn to play guitar or hang a picture). Second, there are outcome statements. A desired outcome is a metric that is used by customers to measure success when getting a job done. Customers hire particular solutions to get a job done, and they choose among competing solutions in order to ensure that their priority outcomes in getting a job done are satisfied. (For more detailed discussion of jobs and outcomes and their role in the innovation process, see Anthony W. Ulwick, "Turn Customer Input into Innovation," *Harvard Business Review*, January 2002; Lance A. Bettencourt and Anthony W. Ulwick, "The Customer-Centered Innovation Map," *Harvard Business Review*, May 2008; and Anthony W. Ulwick and Lance A. Bettencourt, "Giving Customers a Fair Hearing," *Sloan Management Review*, Spring 2008.)

Although jobs and outcomes share several characteristics that enable them to be properly valued in the innovation process, two in particular are worth noting. First, a good job or outcome statement does not include any references to how the customer need might be satisfied. This seems simple enough, but it is challenging in practice—as it means stripping away reference to the way things are currently done (as those merely represent the current solution). Second, a good job or outcome statement uses unambiguous language that will lead to a common understanding by anyone who reads it. Thus, imprecise words such as "reliable," "durable" and "easy to use" must be avoided. Such imprecision introduces variation in interpretation that hampers innovation.

When customer needs are defined as jobs and outcomes with these two characteristics in mind, they can become the basis for capturing need statements that customers are able to articulate, that are relevant across geographies and time and that are useful for decision making by diverse stakeholders within the organization.

One reason companies end up believing this myth is that they tend to capture customer needs by looking at the solutions customers are currently using—rather than at the job the customer is trying to get done. As with the prior two myths, the thing to remember is that it is the job, and not the solution, that must be the focus. There may be any number of possible solutions to the problems a job presents, but that doesn't mean that there is more than one job. For example, one customer may choose to use a software program for tax preparation in order to reduce the time it takes to prepare tax documents and to ensure that no applicable deductions are missed. A different customer may choose to hire a tax accountant for the exact same reasons. The solutions are different, but the job is the same.

Unfortunately, if the innovation team focuses on the solution that customers are using, it will limit how they perceive the customers' actual needs. For example, in the tax preparation illustration, the team might incorrectly conclude that the customer who uses a tax accountant has needs related to receiving competent advice or getting calls returned promptly—whereas in reality, the benefits of personal interaction are just features associated with the solution.

Because this myth is so focused on specifics, it prevents companies from generalizing. In practical terms, this ends up meaning that companies wrongly conclude that they cannot gather customer needs in the United States and expect them to be relevant in other parts of the world. As a consequence, they waste considerable time and resources to capture customer needs elsewhere, with little gain in insight.

Now all of this does not mean that customers who use different solutions do not have different priorities among their needs; they well may. A person may choose a tax accountant over a tax program, precisely because they place higher priority on needs that are better satisfied through personal interaction. Rather, it is simply to say that the same needs are relevant to very different types of customers—as long as those customers are all trying to get the same job done. By discarding this third myth, companies open the door to possible global marketing strategies.

#### **Myth No. 4: Customer Needs Change Quickly Over Time**

Business is dynamic. Competitors rise and fall. Solutions come and go. Even CEO tenure is on the decline. So it should

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come as no surprise that many companies believe that customer needs change quickly over time. Unfortunately, this mistaken belief leads companies to downplay the role of customer needs in guiding marketing strategy and long-term product planning.

My colleagues and I find that companies do not have difficulty coming up with ideas for new solutions. Rather, they struggle when it comes to making strategic product-planning decisions that rely on a proper distinction between needs and solutions—such as determining which product features should receive priority funding for a next-generation solution, or how the company should respond to a feature introduced by a competitor. Unlike customer needs, the solutions that companies offer and that customers consider relevant for satisfying their needs are quite fleeting; therefore, if solutions and customer needs are not properly distinguished, companies can mistakenly conclude that needs change rapidly over time.

The reality is that customer needs are quite stable when properly defined around the job the customer is trying to get done. Consider, for example, the following needs related to being financially secure during retirement:

- Minimize the likelihood that retirement savings will not last until death.
- Minimize the likelihood of having to settle for substandard medical care during retirement.

Because these customer needs do not reference particular solutions—such as annuities, medical insurance, or financial planning software—they have a relevance that spans years and decades. It is true that the priorities people attach to these needs will vary over time, as society changes and new solutions are introduced. However, the underlying needs remain the same. And though priorities do change, they change very slowly—which means customer needs can take their rightful place in strategic marketing discussions.

### **Myth No. 5: Customer Needs Differ by Org. Purpose**

The nearly 2,500 executives participating in the Boston Consulting Group's 2007 innovation survey cited a lack of internal coordination as one of the top three obstacles limiting the return on investments to innovation. When it comes to concept development, technical design and commercialization, stakeholders in the innovation process (e.g., marketing, R&D, manufacturing and sales) just can't seem to agree on what customers need.

The primary reason for these internal coordination problems is the absence of a precise and shared language for speaking about customer needs—a language that is meaningful to all

the stakeholders in the innovation process. In the absence of a shared language, most companies operate under the mistaken belief that a common understanding of customer needs is not possible. Rather, it is presumed that to satisfy their varied purposes, marketing must have one understanding of customer needs, R&D must have another, sales must have yet another and so on. So marketing gathers a set of customer needs and passes them along to R&D. R&D translates these needs into something useful for its purposes—usually something more metric-driven and precise than what marketing has passed

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along. And this unfortunate translation process continues as other stakeholders are included. (Or, even worse, the different stakeholder groups gather completely separate sets of customer needs and operate autonomously in attempting to deliver value to the customer.) In the end, these divergent characterizations of customer needs become a stumbling block to successful innovation efforts. But it doesn't have to be this way.

It is possible for an organization to gather one set of customer needs that will be relevant to all innovation stakeholders, including (of course) the customers themselves. But to accomplish this, the company must first agree on what a good customer need statement is—one that will inform the varied purposes of all company audiences. I have worked with clients who have used a single set of customer needs for such varied purposes as developing new-to-the-world products, adding features to an extant product, branding a product, assessing an acquisition target, developing a messaging campaign, evaluating whether a new manufacturing process should be adopted and developing sales and promotional materials. Consider, for example, how the following desired outcomes associated with the job of growing corn might be used by a seed manufacturer:

- Minimize the time it takes the seeds to germinate.
- Minimize the number of seeds that fail to germinate.

Because of the way these outcomes are expressed, they can be readily understood by marketing, R&D, sales and customers themselves. Further, they can be used in a variety of ways. If research were to indicate that these outcomes were very important to customers but not currently well satisfied, then the company might consider any one of the following actions to satisfy each outcome—all based on the same set of customer need statements:

- Modify current seeds (e.g., adding a coating or an enzyme).
- Engineer an entirely new seed variety.
- Acquire a technology from another firm.
- Modify the seed production process.
- Change sales and advertising messaging to promote the strengths of current seeds.
- And the list could go on.

### Properly Define Customer Needs

So where is your company with regard to proper thinking about customer needs?

1. Is there agreement within your company as to what a customer need is?
2. Does your company capture customer needs that reflect how customers measure value independent of current solutions?

3. Does your company rely on customer needs that provide clear direction for long-term strategy, global thinking and internal coordination?

If your company is like most, you probably answered “no” to each of these questions. And if a company cannot even agree on what a customer need is, it should come as no surprise that customer needs do not fulfill their proper role in the innovation and strategy process. A properly-defined customer need statement is a solution to much of what ails the innovation process today. So where will your company be in the future: Will customer needs be part of the solution to the difficulties your company encounters with the innovation process, or will they remain part of the problem? ■

### About the Author

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