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Becoming a customer-centric business

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The customer world

In 'the customer world' we will explore what it means to be a customer business and why it is a better way to do business. We explore how customers are changing, what they want, and how they want it. We describe how business can embrace these new expectations, work in new and exciting ways, and what impact it will have on your market and commercial performance.



Hello!

I am your customer.

Yes, a real person, a human being.

I have my needs and wants, to get through the day, and to achieve what I must. But I also have my hopes, dreams and ambitions.

For too long you have treated me as a name or number.

You group me into what you call a segment, or sometimes just a mass market.

But I'm not prepared to tolerate that any more.

I am me. Don't treat me like somebody else.

*Sometimes I might be very similar to others,
but I can also be very different and discerning.*

*In the old world, I realize I didn't have much choice.
I needed you more than you needed me.*

But things have changed.

*Now I have the power. Now I'm in control.
You need me more than I need you.*

It's time you started doing business on my terms.

In fact, why are you actually in business?

Just to make as much money as you can, from whatever you can?

Or to make a difference, to make my life better?

Why don't you learn a bit more about me? Come and listen to what I really want.

I'd love to tell you what I'm really trying to achieve.

Not just whether or not I want your latest gadget, gizmo or gumption.

Why don't we get together and find a way to really solve my problem?

I'd even be happy to pay more if you can really help me find the right solution.

Start thinking about my world.

Don't sell me travel tickets, help me explore the world.

Don't sell me running shoes, help me to run a personal best.

Don't sell me potted plants, help me to create a magical garden.

Stop telling me what you want to sell.

I have got a life, you know. I will buy things, but in my own time, on my terms.

Worst of all are all those unsolicited mail shots and phone calls.

They interrupt me and frustrate me.

And eventually make me hate you.

When I do want something, I expect it to be easy.

Come to me, or to places convenient for me.

And at times to suit me.

I expect what I've seen online to be in your stores or to be available by phone. And to be able to take it back to any of your places if I don't like it.

*But I want you to be open and honest about what the deal is.
None of those hidden clauses or additional costs.*

If I can get any book or music delivered to my door in 24 hours, why shouldn't I expect a new car, a new washing machine and new home to be just as quick?

And if you treat me with the best service when I'm a big cheese at work, then I don't expect to come back later and be treated like trash as an individual.

*Treat me well as an individual and I will tell all my friends how good you are.
I might even switch to you as a corporate customer too.*

I know you get rewarded for satisfying me. But frankly I expect much more than that. I demand 100% satisfaction and 100% delight too.

Every time I talk to your people. Every time I experience anything to do with you. It should be right, it should be excellent, it should be perfect.

*However, I don't want the same every time. Life's too short and a bit boring.
To be honest, I'd sometimes like you to surprise me!*

Which brings me to loyalty.

Whether I really want to come back again. And do. And buy more. And tell others. So you give me a plastic card. With something like a 1% discount.

Hmmm. To be honest, I think loyalty is something that has to work both ways. If you trust me, then care for me and do more for me; I might just do likewise.

I don't really want a relationship with a big anonymous company. I'd much prefer to get to know other people who share my passions.

For travelling. Or running. Or gardening. Real people like me.

The best thing you could do is help me build relationships with other people in my world. Help us to share our ideas and interests, and to do what we love most.

I'm then happy to buy your products. And delighted to be part of your community. And you might even find the things I say and share are valuable to you too.

I know you're a real person just like me.

But when you go to work you put your blinkers on. You restrict yourself to some artificially defined sector. Whilst I see a bigger, more exciting, more connected world.

You follow conventions and prejudices of your own making. Whilst for me, everything is possible.

It's simple, really.

You've just got to see my world. Do business from the outside in. Not the inside out.

Start with me, and everything else follows.

We can be real people together. Happy supporting each other. With so much more opportunity.

And more fun.

Together we can do extraordinary things.





My world ... people and their passions

Do you see the world like I do?

When I go out for a drink, I go to enjoy the company of my friends, to celebrate a birthday, or maybe to meet somebody. As much as you might like it, I don't go on a mission to find a certain drink or spend time searching out your brand. The drink is an enabler, a consequence, a small part of why I am there.

For you it might seem the main thing. You probably spend millions on researching the deep motivational triggers that drive my brand preferences. The reality is that they matter, but not very much. If you can help me to achieve what I really want to achieve, I'd be much more grateful.

You probably go out for a drink yourself, just like me. But when you go to work, you seem to put those business blinkers on. Your world is suddenly restricted to the world you are in – the drinks industry, where you think of your competitors as other drinks companies rather than other ways in which I spend my money. You work to your own timeframes, whilst I want things now.

That's not my world. My world has far more opportunities for you. My world is genuinely exciting. And I'd have a real passion for anything you can do to make my world better.

2.1 WONDERFUL PEOPLE

Imagine just over one hundred years ago – without cars and aeroplanes, phones or satellite TV – when people lived their whole lives in the same local communities, locked on their Pacific Islands, remote in their Andes hilltop villages, isolated tribes in the Amazonian jungle. Life stayed the same, traditions were strong, values were consistent, fashions did not change, futures were predictable, ambitions were limited and people were much more similar.

Of course there were travelling communities, too: the nomads travelling across deserts, the warrior tribes seeking to conquer new kingdoms, the explorers searching for new lands. They brought exotic foods and cultures with them, and introduced new ideas and beliefs. Life became influenced by a much bigger and diverse world connected to different cultures, religion, trends and fashions, opening their minds to bigger opportunities.

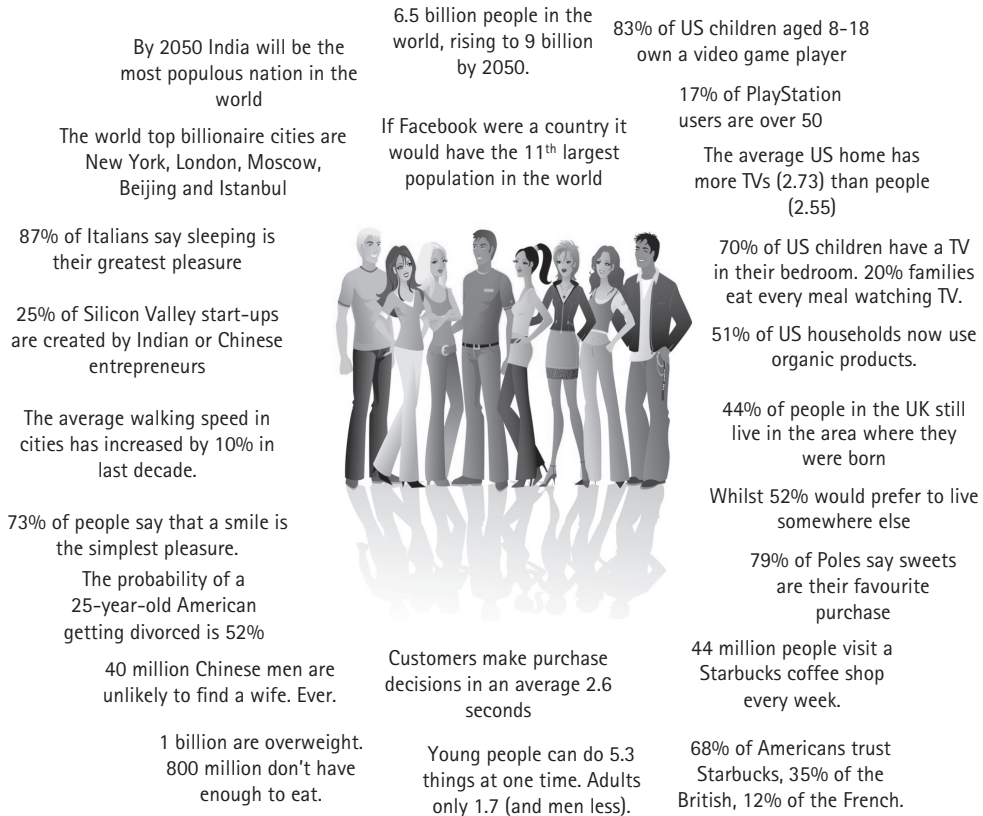
Today, people live eclectic, transient lives. Although many have their roots, families and friends in one place, they travel the world for leisure and work, and may live in many different countries during their lives. They are in touch with the world through 24-hour satellite TV.

Technology, in particular, has connected our world. People communicate unhampered by time or location: do business on the beach with your BlackBerry, call your mum whilst climbing Mount Everest, order your favourite food from a different continent, chat for hours to your best friends (who you may never have even met physically) by Skype at no cost.

Life is now a fusion of whatever we want. Our influences are limitless, our boundaries undefined. And as a result, people think and behave more differently. We think more. We dream more.

- We are more different.
- We expect more.
- We want more.

We cannot be averaged by market research. We are not predictable by data analysis. We are not engaged by the same messages and incentives as the next person. We do not perceive the same value in propositions as others. We are not prepared to accept standard products and service.



Business needs to treat people more personally.

- Better to know a few customers well rather than many anonymously.
- Better to have some deep insights rather than lots of numeric averages.
- Better to meet the real emotional desires rather than lots of rational needs.

This creates a fundamental dilemma for business. Unless you are, uniquely, a business for one person, you have to manage the dilemma of sufficient size and scale to make money whilst retaining intimacy. You need to balance customization and standardization, wanting more customers, and serving the existing ones better.

Our challenge is to redefine the business's purpose, scope, activities and impact through a customer's eyes. The customer's point of view is broader and richer, it typically requires a wider range of products and services over time, enabling cross-selling and relationship building, but more importantly requiring more listening, more thoughtful solutions and more human support.

Richard Reed never talks about customers. Richard is the visionary and youthful co-founder of Innocent, the great little company that makes the world's most natural and tastiest drinks. He talks, with great passion, about 'those wonderful people who buy and drink our smoothies'.

When was the last time you called your customer a wonderful person?

Indeed, the whole notion of what to call the people you seek to attract, serve and do more with is confusing.

Call them 'customers' and every consumer goods company thinks that we are talking about their wholesalers and retailers, not the people who ultimately buy their products, whom they call consumers. Too many of those companies still have a blinkered obsession with these intermediaries (who pay them and stock them) and not the people who they seek to reach and engage (the people who use them and, over time, hopefully grow to love them).

Call them 'consumers' and every business-to-business company feels alienating, deciding that consumers are a different species of human being from what they might instead call business 'clients'. Of course, engaging a small number of clients with large-volume transactions might be different from mass markets, but it might just be a better way. And the reality is that we are still talking about real people, with a brain and a heart.

For the purpose of this book, we refer to 'customers' as the wonderful people who buy products and services, in whatever type of business you happen to be.

Insight 1: FACEBOOK

You can poke and chest bump, play Scrabble or throw a sheep, tell the world all about you, and share your most intimate moments.

Facebook.com was established by a 20-year-old Harvard psychology undergraduate, Mark Zuckerberg, in 2004. This was not his first venture; he had already developed Synapse, a software device that generated music playlists based on users' previous listening behaviours and for which Microsoft had a big \$2 million. At Harvard he created a site called facemash.com, which allowed students to vote on the relative attractiveness of their peers and was quickly closed down by the university's management.

He turned his attention to replicating the physical 'Facebook', which all new students regarded as the essential guide for getting to know people when they first arrive at college. Each student spent hours perfecting their profiles – personal details, previous schools and experiences, hobbies and interests, favourite bands and movies, and the all-important photos of themselves. Surprisingly, nobody had created an online version or connected colleges and universities together.

In February 2004 Zuckerberg launched thefacebook.com, which later became facebook.com. Within three weeks he had 10,000 registered users, and within another two weeks he had

opened up the site to the likes of Yale and Stanford. By June, Facebook had spread across 30 universities and had 150,000 obsessed student users, checking each other out and getting connected. All of this was achieved for \$85 per month, the cost of renting one server. Perhaps unsurprisingly, Zuckerberg dropped out of his psychology studies, with more lucrative paths to follow.

The business grew rapidly beyond its original purpose. Within a year it had five million active users as it was opened up to other colleges and high schools across the US and then around the world. By 2006, non-students had jumped on the social networking bandwagon. Although 75% of its registered users were in the 25–34-year-old group, significant numbers of older users were joining up too. Within another year, the website had 10 million users and was challenging MySpace to become the world's largest online social networking site.

Communities within the registered users grew rapidly, users joining together with work colleagues to form employee groups or sharing a common social interest or physical location, or supporting a common lobbying point. They can be open or closed groups and these, more than anything, activated people into making more connections, logging on more frequently to see what people were doing and expressing their own views to their chosen worlds.

On 24 May 2007, Zuckerberg surprised the technology world by announcing that he was opening the site to third party developers, giving them instant access to its huge youthful, desirable networked audience. The media called it the birth of 'the Facebook economy'. For users it meant a huge choice of rich interactive content as developers fought to gain a presence.

It transformed Facebook from a popular online meeting place to a technological platform on which anybody could instantly do business. Within nine months of 'opening up', more than 14,000 applications from third party developers were live on Facebook – from online Scrabble, which could be played across the globe by 15 million people, to new virtual economies where people bought and sold their names and relationships. The applications don't simply serve individuals but are typically designed creative ways to embrace and encourage connections.

Robert Metcalfe, founder of 3Com, once estimated that the power of a network is proportional to the square of its users. So as the users grew, the effect grew much faster. Record companies set up fan groups and pre-launched new releases to this highly influential community; market researchers strove to enrol target audiences to learn more about them; rivals looked in awe at the speed of exponential growth.

By mid-2008, with almost 125 million active users (up 160% on the previous year), Facebook was handling around one billion searches and more than 50 billion page views every month. It had become the fifth most popular website in the world and in some countries (such as Turkey) was even more popular than Google. People upgraded their mobile phones and BlackBerries because they couldn't bear to be away from Facebook for a few hours.

Many expected Facebook to be snapped up by one of the leading technology players who were now recognizing the impact of social networks when previously they had missed the importance of search engines. Microsoft invested \$240 million for a small share, but Zuckerberg said he was not selling out, merely investing to make his embryonic site even better.

Wharton marketing professor Peter Fader describes Facebook as 'like the qwerty keyboard – there's nothing particularly special about it, but it came along at the right time and place. At some point that standard just becomes locked in'.

However, previous social networking sites have been inherently unstable. Five years ago, everyone was talking about Friendster; then MySpace became the people's choice. When Facebook became the place to go, everyone migrated across. Facebook has much better connections and content, and is simpler and more secure to use, but it is still in its infancy.

Maybe Facebook will define the standards for the networked economy, a decade after it was first trumpeted. How a social network will coexist alongside commercial enterprises is still unclear, as is whether this will become the platform for achieving it.

Zuckerberg, is continuing to innovate. The twentysomething Harvard drop-out has already created a business valued at \$15 billion, which really is nothing to throw a sheep at.

2.2 GLOBAL VILLAGE

As the Olympic flame rose up over Beijing's Bird's Nest stadium in the summer of 2008, the world woke up to the enormous, exciting, energetic opportunities of the East. They have long been talked about as 'emerging' economies – markets for the future. However, many people had perceptions of poor and suppressed people, disconnected from the vibrant high-technology world.

This is, of course, a completely false picture. These economies have grown rapidly and will soon outshine the traditional powerhouses of North America and Western Europe. China and India will drive the markets of the future, with billions of customers who already demand the coolest brands and next technologies. In many respects they have always been leaders, particularly in adopting technologies and new ways of working.

C.K. Prahalad describes them as the riches at the 'bottom of the pyramid'. That of course depends on the dimensions of your pyramid. If it's based on wealth, sophistication or power, then the pyramid is rapidly inverting. Its broad base is rapidly becoming the driving force in global economies, and its customers the most important.

Of course it's not just China and India, although these two nations alone will undoubtedly change the world. There are others, too: south-east Asia and South America, for example. In Eastern Europe there is more consumerism than in Western Europe: Russians, Czechs, and Romanians want the plasma screens and fast cars, whilst the British, French and Swedish seek quieter, more natural lifestyles. And then there are the opportunities of Africa, hoping to leapfrog a generation of approaches and mindsets, to enable these markets and their people to trade their way into a new world order.

Imagine a 'global village' where 100 people represent the population of the world: