

All That Should Ever Matter Is What Really Matters to Customers

by Stephen Shaw

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For a major Canadian gas retailer, the idea was fairly progressive: Invite customers to post their comments, testimonials and suggestions on an area of the Web site expressly built for that purpose. By opening up a portal for its customers, the company hoped some fresh ideas might surface.

Using commercial feedback software, the company began to receive a steady stream of valuable stories from customers about their experiences—good and bad—at its network of retail service stations. The information flowed back to the marketing department, which had sponsored the initiative. And then the inevitable happened: There was turnover in the marketing group. The program champion was replaced by someone who preferred to spend marketing dollars in a more conventional way.

After the feedback interface had been deactivated, the company put up the following bulletin in its place: "We pride ourselves on our ability to provide timely, accurate and honest information to customers. While (this dialogue portal) has been a useful outlet for customer questions in the past, *we can no longer provide the levels of service that our customers have come to expect.*"

Sending out mixed signals to customers is an all too common practice at a lot of companies. Often those companies proclaim "The Customer is King" or "Our Customers are No.1"—and then turn around and treat their customers more like feudal serfs than royalty. As CRM expert Frederick Reicheld (coauthor of *The Loyalty Effect*) once pointed out, "Most companies give the best bargains to the lousiest customers, and then they sort of abuse their loyal customers, which of course leads to fewer and fewer customers thinking they should be loyal."

Most companies view customer service as an obligation rather than an opportunity to set themselves apart. This unwillingness to accept change explains why so many CRM projects fail. Tired of all talk and no action, customers grow progressively alienated, until they eventually lose hope and switch suppliers.

Lip Service

A Forrester Research survey last year of major firms found that responsibility for customer management is usually given to either the marketing group or customer service; just one-quarter have bothered to set up a dedicated business unit.

"In a typical Global 2,500 company," Forrester reports, "no one has responsibility for the customer experience delivered across interaction channels."

When marketing is handed the job it almost always opts for bribery—usually in the form of rewards and giveaways—while the customer service group is confined to an operational ghetto with almost no say over company direction. By not putting anyone in charge of pleasing customers, companies are

simply paying lip service to relationship management, despite compelling evidence that the best managed brands are closely associated in the minds of consumers with commitment, reliability and trust.

Take the example of fast food chain Tim Horton's. It has won a devout following in Canada because it honors its promise of quality coffee and food in an unpretentious setting.

Other companies renowned for keeping their word include Nordstrom and USAA in the US; Tesco in the UK; and Federal Express worldwide. Marketing Director Tim Mason of Tesco has said "people have an emotional bond to Tesco in that they feel we are on their side. That we look out for their interests, don't patronize them or take them for granted. And, most important, we deliver on our promises."

A brand is much more than logos and slogans; it should stand for a superior experience. In their recently published book *Best Face Forward*, Jeffrey Rayport and Bernard Jaworski argue, "The quality of interactions with customers—and the customer experiences that result from those interactions—is rapidly becoming the sole remaining basis of competitive advantage."

If the edge goes to those companies more focused on the customer, why is an exceptional service experience so rare? What stops companies from backing up their virtuous talk with action? Why aren't companies more benevolent toward their customers?

The problem is that many companies are simply not in close, regular contact with their customers—so they really have no idea what's important to them. A 2005 Forrester survey of corporate decision makers revealed that most companies fail to consider the needs of target customers in their decision making, or take the time to monitor the quality of customer interactions. And according to a study by the Strativity Group ("2004 Customer Experience Management Study"), a majority of senior executives do not know the average annual value of a customer, or even the cost of resolving a complaint.

This knowledge gap leads to apathetic treatment of customers—even though the most common reason for customer abandonment is the perception of being neglected. It is not that companies are incapable of intimacy: They simply do not know *how to be* intimate. "Customer strategies require leadership that sees the business from the customer's view, not through a spreadsheet," says Lior Arussy, the President of Strativity Group and the author of *Passionate and Profitable* (Wiley, 2005). Making money, he points out, always wins out over what's right for the customer.

A continuous customer relationship is only possible when the experience transcends the act of consumption. That's why satisfaction scores rarely correlate with future purchase intent. Simply satisfying functional needs is never enough: An emotional connection must be made, where customers are convinced the company has their best interests at heart. The payoff: resistance to competitive offers; openness to buying additional products and services; and, ultimately, a willingness to serve as a brand advocate.

'Follow Me Home'

Companies should begin by envisioning the type of experience they want to offer: one distinct enough to generate positive word-of-mouth. The requisite elements of that experience must encompass ease and simplicity of interacting across multiple channels; complete visibility of order status; one-call complaint resolution; price transparency; prompt and knowledgeable handling of customer inquiries; and, above all, frontline enthusiasm for taking the side of the customer.

Upon executive buy-in, the vision statement needs to be converted into an action plan. Before that plan is developed, it usually helps to map out how customers currently interact with the company, trying to visualize the experience through *their* eyes.

One method is to observe customers first-hand in typical situations and encounters, known as ethnographic research. Corel does this with a program it calls "Follow Me Home" (an idea it got from Intuit); the company watches customers use its products in the comfort of their own homes. Corel's global chief of product marketing, Jacqueline Martense, explains, "The dialogue you inspire with customers and employees is where real insight comes from." (*Fast Company*, August 2005)

Another way to get close to customers is to form an advisory research panel drawn from heavy category users or long-time loyalists. Hallmark has its "Idea Exchange," a Web site that it uses to collect instant feedback from approximately 1,000 consumers grouped into five communities, each representing a different market segment.

Similarly, toy company Lego has a site it calls "MyOpinions" where customers get a chance to share thoughts with each other, answer pertinent questions ("What are the main factors that determine whether you will place an order?") and submit their own product suggestions (while freely commenting on the ideas of others).

The insights gained through the primary research phase may be used to craft user personas that are composite descriptions of people who exhibit the archetypal behavior of customers in different segments. User personas bring to life what customers are trying to do and can immediately expose any troublesome hurdles they are likely to face. Internal processes can be rewired to eliminate any obstacles, or entirely new ways can be invented to help customers achieve their goals.

Domino Effect

The place to start is by focusing on the upper tier customers (that top 5% that invariably accounts for 25% of revenues). Due to their frequent interactions, they are more likely to be familiar with the issues that cause the most anguish (like being shunted from one call center agent to another, or always having to repeat the same information). Potential areas for improvement can be ranked according to how strongly they feel about the proposed changes.

Since a procedural change can have a domino effect right through an organization, a cross-functional team should be set up with the authority to fix processes and systems that cross divisional boundaries. Even something as simple as synchronizing an address change across multiple applications and database platforms can be disruptive. At Harrah's Entertainment, a cooperative spirit is encouraged by bringing the division heads together as part of a marketing council where they get to debate the merits and implications of every customer-related initiative. ("The Quest for Customer Focus," *Harvard Business Review*, April 2005)

Once a change has been implemented, the impact should be measured through a tracking survey, seeing whether satisfaction scores have climbed any higher to the "delighted" end of the scale. Eventually, the results should begin to show up in lower churn rates and higher earnings, particularly among the more valuable customers.

A commitment to pleasing customers should be much more than a marketing claim (or an interface that can be capriciously switched off) but a core principle that guides every decision. All that should ever matter is what really matters to customers.

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