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The Customers' Benchmark

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What is it that customers value most?

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Ask a consultant how to improve your 'customer experience' and words of wisdom will flow. Ask them what customers' want and the answer may be less forthcoming. We all talk endlessly about providing customer value, but what exactly is that? What is the requirements benchmark against which consumers measure you?

Whatever that benchmark is, it is obvious from falls in satisfaction levels worldwide and the growth in official watch dogs, that en masse we are doing a poor job of meeting it; despite the huge interest in capturing the 'voice of the customer'. And customers are becoming annoyed at our shortcoming: their backlash is evidenced by the growth in blogs complaining about service, proliferation of anti-business films, and increasing methods to bar spam and junk mail from entering homes.

So, lets pause from the frantic 'do it yesterday' rush of solving our internal problems of brand alignment, channel management, and sales targets and really listen to our customers; look at value from their point of view; understand what they are benchmarking us on. For in Peter Druker's words, 'our customers are the **only** profit centre we have.



THE CUSTOMERS' BENCHMARK

When they make a purchase decision, consciously or subconsciously, consumers weigh up seven vital factors: this is their benchmark, See Fig 1. It does not matter if the purchase is for personal or business use, these factors are universal. Only the price

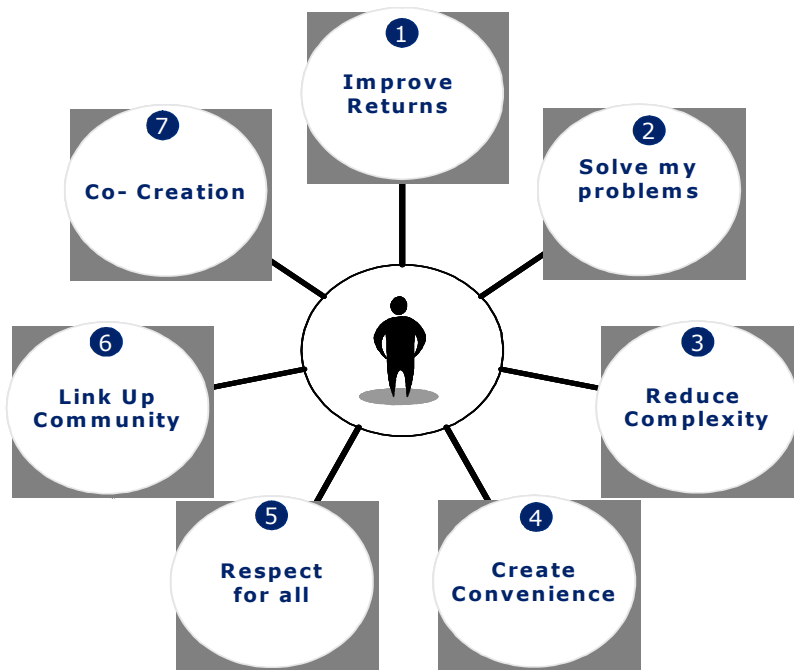


Fig 1 – Seven Factors of Customer Value

cutting dogma of a procurement department warps the evaluation.

Another facet of the benchmark is the movement of the factors from the rational, 'does this product do what I want', to the emotional, 'does this company know me and make me feel involved'. Whilst the rational factors have to be met, it is the emotional factors and context of execution that make the biggest difference to future purchase decisions and customer commitment. Therefore, attention to even the smallest detail of customer interaction is important.



1. Improve Returns

Customers want to improve the quality of their lives and businesses; they want the best return for their investment. Organizations look to improve their income, profits and assets; individuals, their health, wealth and happiness. We, their suppliers, should tune in to customers' real **goals and dreams** and help achieve them.

Increasingly today, this means providing 'feel good experiences', 'transform my life skills', and 'show I care social responsibility', rather than just material goods. If a customer buys a kitchen the real goal may be tastier food – so offer customers cookery classes, as a US kitchen company does. An incentive of a massage at a health farm will be more welcome stress- busting experience rather than a box of 'designer soaps' to keep clean. In the business to business world, the role of a key account manager is to understand how the supplier's products or services support the client's targets.

The real art of helping customers achieve goals, is to demonstrate to them what you are doing, that you really do 'know them', examples:-

- The 'my account' facility of ebay and Amazon
- Retailers who offer personal shopping services for customers with records of requirements and purchases that they work on together.
- Travel companies who hold 'wish-books' of places customers want to visit, often based on informative talks, and then help them get the best from a visit with personal destination advice.

Other ideas might include energy companies who give statements of how customers are helping protect the environment with energy conservation; lifelong learning plans from educational establishments; advanced driving or off-road driving courses from motor manufacturers.

2. Solve My Problems

Consumers seek support and service. Life is rushed; there isn't time for everything, especially mundane tasks and those that require expert skills - creating a garden, updating a computer. Customers want solutions to problems, not just products, and hate companies who waste their time eg call centre queues; make things tedious eg detailed small print instructions; or demand skills they don't have eg setting up broadband.

Just like business, consumers want to outsource their non-core competencies, and conserve precious time for the things they want to do. So, what problems do your customers have? How can you help solve them? Think through the ways consumers use your product and service and the difficulties they may have with it. If you sell mortgages, what will you do if your customer is made redundant for a short time? A



pharmaceuticals company selling hormone replacement therapy in Africa found that their customers felt lonely and isolated, so started communities for them to discuss issues with each other. A travel company offers a pet hotel service for customers.

A wonderful example of a customer solution was instigated by the lingerie company Figleaf.com, who had a 'blame it on us' service, especially for male customers who had forgotten an important anniversary – as many men do. They sent out a belatedly ordered gift together with a full apology for the delay in delivery.

Put yourself in your customer's shoes, find out what is going on in their lives, talk with them.

3. Reduce Complexity

Choice is one of the watch words of our age, but choice has become a double edged sword. As supplier switching costs have declined, eg gas and electricity, the complexity of choosing has increased.

And who is there to help? Company communications create a cacophony of noise that even sees advertisements invading public toilets: whilst facing an array of 40 styles of jeans, 24 flavours of jam, and 50 models of mobile phone is just dispiriting. Consumers are desperate for trusted sources of personal advice and information to help them, and voraciously read reviews, recommendations and suggestions from experts and fellow consumers alike. .

As companies how do we reduce the mass media melee and give customers the useful knowledge they 'Google' each day online. One way is the current development of an EPOS barcode system that relays product details and usage information to the customer's mobile phone. At the other extreme is a supported customer community. For example travel company Expedia have bought online travel community Tripadvisor as a customer service. Over the years Tripadvisor has collected an enormous range of first hand customer reviews of hotels, and now has a valuable source of information

Other examples of more relevant and personal advice include regularly updated house price guides issued by banks; best pub guides in your current location downloaded to your mobile phone; and detailed menu guides in restaurants showing the ingredients of different dishes. Ultimately customers want less emasculating communication and need much more empowering information.



4. Create Convenience

Convenience comes high up any list of what consumers want; indeed if a product or service isn't convenient, it won't be used – unless it's exclusive. Channel proliferation therefore, brings huge opportunities to make things available in a personal and practical way. But, instead of seizing the advantages many companies see only expense and stereotypically try and deliver through the channels that suit them, not the customer. This could be the bank who tried to enforce telephone banking; or the satellite navigation company who forces enquiries about the use of their complex, new technology through internet self help, frequently asked questions.

For both these companies 'things have ended in tears'. The bank did not realize the community role its rural bank branches played and received pages of bad publicity. The satellite navigation company, so proud not to have increased service costs in line with growth, has seen falls in sales as customers switch to more accommodating competitors.

Self service may look like the ideal opportunity to reduce costs, but can be seen as either customer liberation or corporate imposition, depending on perceived intent. If it even smells of an agenda for transferring cost from company to consumer, it will be rejected by customers. Conversely, the more trust people have in a company the more self-service will be considered.

As has been pointed out by many gurus 'convenience is the success factor of just about every product and service that shows steady growth'. So it is we, the companies, who need to switch our thinking from 'channel to market' to the 'customer's convenience in a particular situation'. We should ask ourselves when customers need high touch interaction for support and sociability, and when high tech channels for speed and mastery. Surveys show that around 50% of consumers still want personal contact at all points, even if that is the telephone!

5. Respect for All

Consumers don't talk about relationships, they talk about trusting companies. The hallmarks of trust are security, value for money and authenticity. Increasingly consumers also want to see demonstrable humility and a sense of humanity. The customers most likely to be 'attitudinally loyal' want this far more than the habitual price hoppers – who never will be loyal.

But companies are losing consumer trust, firstly through highly publicised disasters, eg:-
Enron in the consulting industry
WorldCom in Telecoms
Bearings in Finance



Bhopal in Chemicals
Chernobyl and Brent Spa in Energy

Secondly, through an increasing number of anti-business films –

- The High Cost of Low Prices – about Wal-Mart's destruction of a small town
- Super Size Me – about the unhealthy side of eating a diet of McDonalds
- The Constant Gardener - a critical portrayal of the pharmaceutical industry
- The Smartest Guys in the Room – the story of the fall of Enron
- An Inconvenient Truth – Al Gore's film about the myths and misconceptions of the causes of global warming.

And lastly, by not having clear, emotive brand values, that are delivered in execution. What does your company stand for? What do customers expect of you? Do your customers experience your values when they deal with you? Key questions for our age.

Never has Milton Friedman's famous quote on profit maximisation, that 'the business of business is business' been more out of step with consumers' hearts. The business of business is increasingly **social**. Companies need to look to their role in society and deliver value to all stakeholders, not just shareholders. It is simply not acceptable for companies to report profits whilst depleting environmental, social and human assets.

Recognizing the wind of change, many organizations have responded with corporate social responsibility (CSR) initiatives (also called sustainability). Initially these focused on risk and reputation management, but stakeholder thinking is becoming part of the competitive customer proposition eg Tesco, Shell, Cadbury, rather than just corporate philanthropy eg Microsoft's AIDS campaign. .

"The battle to win customers will increasingly be fought not just on value, choice and convenience but on being good neighbours, being active in communities, seizing the environmental challenges and on behaving responsibly." Terry Leahy, Tesco

Without consumer trust organizations cannot function effectively; conversely collaboration with stakeholders builds new assets in innovation and relationship



6. Link-Up Communities

The time of attributing need by lifestage and affluence is disappearing. Values, attitudes and networking with kindred spirits dominate purchase behavior. Customers want 'being spaces' where they feel linked into 'what's happening' and can share talking points: thus, propositions and communication need to inspire and reinforce community groups and values.

There is growing evidence from social and evolutionary psychology, that humans are designed to function best as 'herd animals' not lone individuals: the characteristics of the herd are instinctive action as a group, without instruction. Although, as Malcolm Gladwell has ably pointed out in *The Tipping Point*, the herd is a network, and influenced by the actions of 'movers and shakers' with connecting roles.

Real differentiation can be found by organizations that recognize and tune into the herd instinct; who listen to and help build group 'stories'. For example, those offering luxury travel for 'empty nesters' could appeal to the group wanting 'marble bathrooms', or alternatively, and increasingly, those looking for 'local staff and natural materials'. Eastern Europeans have realized the power of the herd, and have hung on to local communist style cafes and shoes, rather than adopt global brands. Nokia knows that 'the mobile community' is more about community than mobile.

When seeking to tap into community, we need to appreciate that there are two ways of doing it:-

1. To support a current, ready made group eg star trek fans, hells angels or family historians, building the values of these groups into propositions.
2. Engineer a community from scratch; the organization being the reason for the community eg user groups, or Amazon customers.

7. Co-Creation

Customers want to be listened to, valued and respected; they want to be involved. As companies we often spend too much time talking at customers with our expensive marketing campaigns; paying little attention to what they have to say back. How many companies ask people to write in with a complaint, but think nothing of interrupting them during dinner to sell them something?

Just as people talk about others as 'my friend', some customers will think of a company as 'my brand'. Engaging such brand advocates and committed customers is what we aspire to, and takes time, see figure 2. Listening to and involving customers is one way it can be done.



The State of Customer Engagement

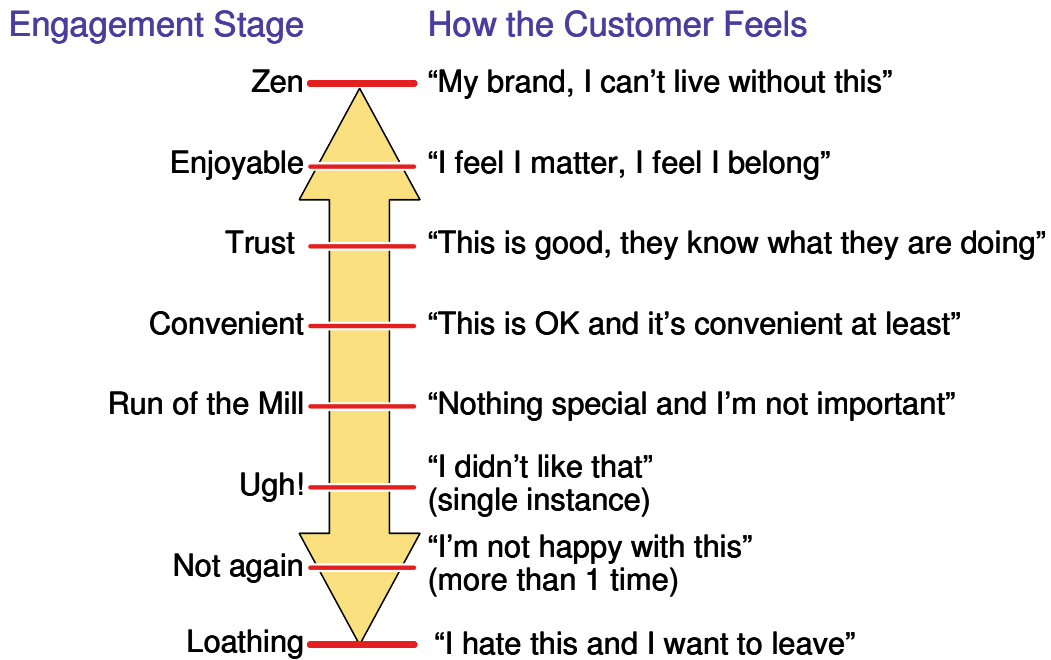


Fig 2 – The Stages of Customer Engagement

Customers want to co-create with us; after all they are the ones who use the products and services; they are highly likely, to have beneficial and innovative ideas.

Elle magazine have tried co-creation by letting a team of readers produce Future Elle. Boeing recently had 120,000 customers signing up to help design a new aircraft. Apple has its iLounge for customers to make suggestions about product improvements and work on them with product managers. A major cat food company involved its loyal customers in a rebranding exercise, knowing that if they didn't many 'my brand' customers would be upset at the change.

Used cleverly the Customers' Benchmark can act as the design template for our customer propositions, for within the seven factors lie the drivers and inhibitors of purchase decisions and customer loyalty.



BIOGRAPHY

Jennifer Kirkby

Jennifer Kirkby is acknowledged as a leading analyst and writer on marketing and customer management. She is Director of Mutual Marketing; contributor to many books and journals; and lectures at business schools. She has a degree in economics and following a career in marketing covering everything from research and development to brand management, was a director at Gartner and advisor to the UK Government.. She has worked with many Fortune 500 companies worldwide, on customer management and continuously researches its implementation.





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