Intimately Engaged

A lifelong commitment to meeting customer needs

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Is your company able to anticipate the needs of a recent graduate who is about to take up his first job in a big city and furnish his new apartment? Can you gauge from your customer's social network that she is planning a week-long vacation in Bali? Can you list specific actions your company has taken in the past six months to boost the trust of your customers? Does your company have a plan to respond to unexpected situations impacting customers such as job loss, government policy changes or extreme weather conditions? Is your company aligning its offerings and messages to the core values of its customers?

If your company can answer yes to each of these questions, then it is leading the way in a marketplace that is still coming to terms with how to meet and exceed the expectations of increasingly sophisticated customers. If your company is falling short, then it is time to start re-examining the operating model. In today's multichannel world, companies will need to be able to connect intimately and seamlessly with nonstop customers[1] anytime and anywhere, across multiple touchpoints, and provide a highly compelling experience.

A meaningful relationship

Today's sophisticated consumers want companies to adapt to their dynamic and un-communicated needs, to proactively reach out to them with relevant messages and offerings, and take the initiative to build a trust-based relationship with them that aligns closely with their values. A growing number of consumers are willing to share personal information on the understanding that companies will leverage insights about them and their networks to tailor products or services. These constantly connected consumers are very demanding and have the ability to impact a company's growth, strategy and operations more than ever before.

To meet the demands of this new consumer-led marketplace, companies need to begin by concentrating on four important customer-focused levers.

[1] Paul F. Nunes, Olivier Schunck and Robert E. Wollan, "Serving the nonstop customer," 2012.

1

Adapt to customers' dynamic and unforeseen needs

Customer needs can change following a sudden and unexpected event caused by forces such as macroeconomic changes, political events, natural disasters, or personal tragedies. The interactions customers have with companies during such unplanned events can often create a long-lasting impression. These impressions (both positive and negative) can go viral throughout the customer's personal network and beyond, and have a significant impact on a company's business.

Winning with customers

In the wake of Hurricane Sandy, businesses reached out in different ways to help people in the affected areas. Duracell deployed trucks with phone charging stations and computers with access to the Internet; many banks and phone companies waived late fees; Anheuser Busch converted one of its beer manufacturing facilities for bottling water—preparing 44,000 cases of emergency drinking water in one week for residents of the affected areas.[2] The impact of these heartfelt initiatives does not go unnoticed: Procter and Gamble's "Tide Loads of Hope" initiative to provide free laundry services to people hit by natural disasters in the United States has become the number one driver of traffic to its website and positive consumer testimonials for the brand.[3]

Taking action

Companies need to be able to respond quickly to unplanned events and have the flexibility to carry out targeted initiatives to support their customers during those moments. At the least, they need to:

- **Plan ahead.** Develop business rules and governance changes based on "what if" scenarios to adapt to unexpected events and adjust interactions with customers accordingly.

- **Tailor response.** Develop special messaging, campaigns, and offers for predefined customer scenarios and embed flexibility across channels to respond to the dynamic needs of customers at the point of need.

- **Build flexibility.** Invest in technology that allows for nimbleness in operations such as business rule engines and business process management tools.

- **Adapt culture.** Establish flexible operations within the organization's culture, and embed this into the performance management program by appropriately incentivizing employees.

2

Establish a trust–based relationship with customers

Trust forms the foundation of customer loyalty and can be a catalyst for word-of-mouth advertising for a brand. Without trust, a product or service is just a commodity, and customers don't necessarily feel the need to purchase one particular brand over another. By clearly demonstrating that it is operating with the customer's best interests in mind, a company can form invaluable connections and build strong relationships that lead to long-term business growth. Conveying this alignment of interests is an important component of earning customer trust.

Winning with customers

Amazon proactively develops new features and services that create a trusting relationship with its customers—such as informing customers when they are about to purchase a product that they've ordered previously—and has built automated systems to provide refunds on those occasions when the customer experience has not been up to the mark.[4] While USAA, the financial services company dedicated to serving the US military community, actively hires veterans by focusing on "military experience" in addition to academic qualifications—trusting that its customer base would be the best employees as they represent the interests of USAA members in person.[5]

[2] Next Nature, "Budweiser Cans Water for Storm Victims," accessed June 19, 2013.

Anheuser Busch News Releases, "Anheuser-Busch Producing More Than One Million Cans of Emergency Drinking Water for Areas Affected by Hurricane Sandy," November 1, 2012, accessed June 19, 2013.

[3] Elaine Wong, "Tide's Charitable Makeover," April 10, 2009, accessed August 8, 2013.

[4] Henry Blodget, "Amazon's Letter To Shareholders Should Inspire Every Company In America," April 14, 2013, accessed August 29, 2013.

[5] USAA Career Center, "Veteran and Spouses," accessed August 13, 2013.

Taking action

The ultimate manifestation of trust is when customers feel assured that any product, service or experience from a particular brand will meet their expectations and fulfill their needs. To reach this point, companies may consider taking a number of actions:

- **Build transparency.** Each company can take proactive steps to keep customers well-informed about its actions. For example, letting customers know about the upcoming expiry of the free trial period, or how the company is using their personal data. It could also consider involving customers in specific campaigns, actively engaging them in conversations through social media or the corporate website, or apologizing publically to customers for a mistake which impacted service. These gestures help in creating a bond with consumers, encouraging repeat purchases and referrals.

- **Establish a two-way trust.** Trust works both ways. For instance, in the event of a credit card dispute, American Express gives the benefit of the doubt to its customers. Rather than have them fill out endless forms and give lengthy explanations, the company simply credits the customer's account instantly for the amount of the dispute while the investigation is under way.[6]

- **Ensure customer's well-being.** In a trusting relationship, customers do not have to be convinced by companies that they have their best interest in mind—they know it. Companies need to take proactive measures to show that their interests are aligned to those of their customers. Sooner or later, customers determine if the companies they are interacting with have their best interests in mind or if they are driven purely by short-term gains.

③ Leverage the customer's entire network

At a time when the influence of a customer's network is becoming stronger than a company's marketing messages and advertisements, customers can prove to be an effective source of marketing. Today, the customer's network is no longer restricted to just friends and family but can extend to thousands of connected users of similar products and services. The reach and impact of a customer's network for marketing messages should not be underestimated. Furthermore, companies that are able to obtain sufficient customer consent around the use of their personal information may be able to expand their business model to generate new revenues from the sale of customer data.

Winning with customers

To give customers a fun and personalized experience, as well as leverage the customer's network to gain insights, Delta Air Lines developed the Delta Away We GoTM Facebook app to help friends, family members, colleagues, (in fact, anyone on Facebook) to plan a trip together without ever leaving the social networking site. The app allows users to invite friends, keep track of who is coming, organize and share everyone's trip details, create a calendar of activities, post comments on specific topics, share updates with their network, and also post photos after the trip.[7] Delta, in turn, gets "free" advertising and a rich source of customer insight in addition to the revenues generated from the user's ability to book flights directly through the app. Delta is thus able to enhance the customer relationship through these benefits which it offers over and above its core set of services.

Taking action

Companies need to take a holistic approach towards customers and their respective networks—sometimes in partnership with other organizations—to have a better understanding of their interests, preferences and priorities as they go through different stages of life.

- **Identify influencers.** Look beyond individual customer value and focus on understanding key influencers in a customer's network.

- **Develop insights.** Conduct market research and analysis of customer network and generate insights to include in the company's customer engagement strategy.

- **Analyze online behavior.** Understand the reasons why customers go online—obtain information, purchase products or services, share information and interact with others.

- **Build the dialogue.** Get acquainted with the customer's social and professional circles to go beyond a transactional relationship with customers and participate in the information exchange.

- **Create guidelines.** Develop business rules and business processes related to different scenarios involving a customer's network and train employees to apply as needed.

- **Leverage technology.** Consider investing in social media listening tools and technologies to obtain a better understanding of customers' networks.

4

Align business strategy with customer values

In a highly value-driven society, companies need to align their vision, messages and offerings to their customers' core values—political and environmental causes, quality, lifestyle, fitness, health, and other value-based attributes. This alignment demonstrates to customers that the company cares about its societal presence and impact, and is not merely focused on generating a profit.

Winning with customers

In response to popular demand from socially conscious consumers, Starbucks aligned its coffee procurement policy to the values of its customers, empowering its coffee producers far more than before. In 2000 the company introduced whole bean Fair Trade Certified coffee at all its stores, and set the goal of ensuring that 100 percent of its coffee was ethically sourced by 2015. This has led to an increase in more than 7000 Fair Trade outlets.[8] Additionally, Starbucks established the Farmer Support Centers in Costa Rica and Rwanda to provide local farmers with the resources and expertise that help lower the cost of production, improve the quality of coffee and increase the yield of premium coffees. The company also set up the Starbucks Farmer Loans Program as an alternative for farmers' cooperatives that are unable to access traditional funding channels.[9]

Taking action

To align business strategy and corporate values and vision with customer values, companies will want to:

• **Identify the issues.** Conduct market research and customer surveys to understand the value system of their customers and identify the most impactful issues.

• **Define the strategy.** Clearly define the intentions behind aligning with customer values—are the intentions purely philanthropic (community-based or charitable, for example) or driven by corporate responsibility?

• **Plan the launch.** Deploy and monitor the customer value alignment initiatives similar to a product launch, examining financials and ensuring that it makes business sense.

• **Consider partners.** Collaborate with third parties to show their commitment to customer values—this is what Nike and Apple have done around Nike+iPod,[10] and Yoplait and Susan G Komen did for "Save Lids to Save Lives."[11]

• **Adopt internally.** Infuse the alignment with customer values throughout the organization's operations, and integrate both customer-facing groups and support functions in this effort.

The four levers outlined above will enable companies to become highly customer-centric organizations. The importance of customer intimacy must be woven into the fabric of the entire organization so that every group (from sales to customer service to research and development) is committed to contributing to the delivery of a superior customer experience. The companies that get this right will be successful in transforming their organizations to become leading customer-oriented companies.

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[6] American Express Travel Related Services Company, Inc., "Resolve Disputes: User Guide," February 2012, accessed July 29, 2013.

[7] Delta Air Lines, Inc., "Delta Away We GoTM," accessed August 7, 2013.

[8] Global Exchange, "Starbucks Campaign," accessed June 10, 2013.

[9] Starbucks Corporation, "Coffee," accessed June 10, 2013.

[10] Apple Inc., "Nike + iPod: Meet Your New Personal Trainer," accessed August 2, 2013.

[11] General Mills, "Looking to Redeem Your Lids?" accessed August 2, 2013.
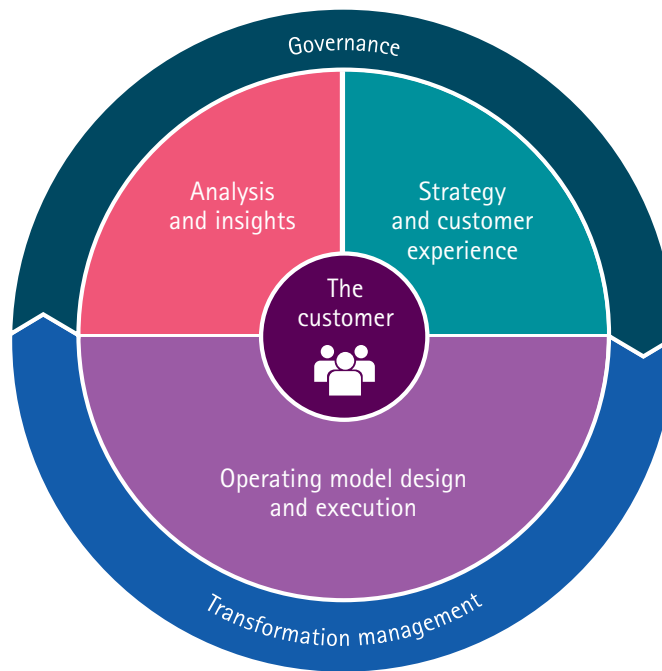
Deepen the commitment

Today, customers expect a highly imaginative, extremely connected and seamless experience in a multichannel environment. Aspiring customer-centric companies will need to change the way they operate to meet these evolving expectations. For this alignment to become part of an organization's corporate DNA, it is important for companies to adopt a comprehensive customer-centric framework that can guide them at various stages of their journey.

Irrespective of whether a company is looking for smaller, quick-win enhancements or is in need of a comprehensive transformation, having a clear customer-centric framework helps align a company's operations with the needs of its customers, and translate targeted strategies into execution. For example, the Accenture Customer-Centric Operating Model Framework (Figure 1) serves as a guide to build and integrate the foundational and customer-facing functions and capabilities that drive the customer experience.[12]

Using a holistic framework, companies are able to ensure that the customer is an integral part of their business. It enables enterprise-wide collaboration and helps adapt technology quickly to business requirements. In allowing for continuous improvements and fine-tuning of business processes, the framework helps companies meet the demands of nonstop customers, while anticipating their future needs.

Figure 1: The Accenture Customer-Centric Operating Model Framework

Analysis and insights	Strategy and customer experience	Operating model design and execution	Governance	Transformation management
• Market research	• Customer segmentation	• Performance management	• Governance strategy and program	• Change management
• Customer needs, behavior and feedback	• Customer-centric strategy	• People/organization	• Cross-organizational roles and responsibilities	• Cultural transformation
• Customer analytics and reporting	• Sales, marketing, service integration strategy	• Business process	• Governance-related processes	• Interim operations support
• Industry landscape	• Investment strategy	• Technology	• Escalation paths	• Program management office
• End-to-end customer experience auditing	• Product/service portfolio innovation and partner strategy	• Channels		• Implementation reporting
	• Operating model principles and enterprise architecture strategy	• Channel enablement and business rules		
		• Customer data		

Together forever

We live in a multichannel world. Consumers navigate with great ease from one channel to another, embracing technology that meets their needs very quickly. Social by nature, consumers enthusiastically share the highlights and frustrations of their daily lives with their family, friends, and extended networks. They are also willing to share personal information for the right results: a list of recommended items or a tailored service plan, for example.

By taking the time to get to know customers, anticipate their needs, and exceed their expectations, companies are able to build meaningful relationships that can last well beyond the next transaction or the next campaign. Companies have the opportunity to become a trusted partner by helping customers navigate key events at various stages of their lives, forming the basis for building a lasting, mutually beneficial relationship.

[12] See Floren Robinson and Justin M. Brown, "How to Make Your Company Think Like a Customer," 2012.

To learn more about becoming a truly customer-centric organization, contact:

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