The ****

FOUR TENETS

of

CUSTOMER LOVE
You either love your customers or you don't. If you even have to consider that statement then I can tell you with certainty that you don’t. At least not yet.

In the spirit of the subject matter at hand, I am going to make a promise—a commitment to explore why it's important to love your customers in a way that remains faithful to true insight: simple, succinct, relatable and actionable.

Love is a lofty subject and there is a virtual ocean of information on how to court and keep customers. My objective for this report is to honor the former and differentiate myself from the latter.
The walls that once separated companies from their customers have crumbled. Today’s empowered customer has quick and easy access to reams of information about your brand, the quality of your services, the value of your prices and the reliability of your products. Powerful information that people use to make fast and often permanent decisions about becoming a customer or not—about committing to a relationship with your business.

Companies who don’t love and respect their customers do so at their peril. Not only are they failing to connect with the most important people in the company—their customers—they are neglecting a relationship that could be a critical competitive advantage.

However, contemporary tools that promised to help companies engage at scale with their customers have yet to deliver on their potential. Big data is completely unruly. Ad hoc surveys are impersonal. Social media is dominated by an oligarchy of overactive enthusiasts.

Yes, they are different tools with unique attributes, but big data, social media and ad hoc surveys share one thing in common: they struggle to deliver timely, ongoing, actionable insight that drives better business outcomes.

To thrive in the regime of the hyper-informed, always-on customer, you need to engage them directly in a structured and controlled environment. You need to invite them into your inner circle and give them a say in the way you do business and demonstrate that you’re not just listening, but acting on their insight.

“IN STEVE’S MIND people associated brands with television advertising and commercials and artificial things, THE MOST IMPORTANT THING (to him) was people's relationship to the product."

Allison Johnson, VP of Worldwide Marketing Communications, Apple
It’s romantic and exciting to believe that love is an explosion of emotion. But the research tells a different story: love is a flame that burns slowly, kept alight by honesty, kindness and consistency. That is the foundation for strong, long-term relationships between people.

The same is true in the relationships between customers and companies.

In the past, smart companies invested in customer research to better understand their customer base, but those efforts were expensive, time-consuming, complicated and inevitably imprecise. At the speed business moves today, the tools of the past have become woefully inadequate.

To thrive in the age of the empowered customer you need new tools, a fresh perspective and an open mind. You need to embrace the idea, the ideals, of love.
A brand is more than its foundational elements—a logo, typeface and colour palette—it is the personality of your business and a promise, if you will, about the quality of the customer experience.

A brand is not a marble statue. It is an organic entity that should grow, adapt and evolve with your customers. To do that successfully, you must build and nurture your customer relationships through all the channels at your disposal. Whatever it takes to engage your customers in ongoing, meaningful dialogue.

Dialogue, however, means more than ad hoc surveys and active social media monitoring. Those tools are impersonal and lack the human connection and intimacy today’s empowered customers demand in return for the insight you need to evolve your brand and your business.

“There is only one valid definition of a business purpose: TO CREATE A CUSTOMER.”

Peter Drucker, Author of The Practice of Management
An engaged customer can do more than help you test the foundational elements of your brand; you can use their insight to shape the intangible, and eminently more powerful elements— the components that resonate with people on a visceral level. An emotional level. The same plane as love.

When you entrust your customers with your brand, two important things happen:

1. You use customer insight to shape and inform your vision for the brand.
2. You eliminate a huge amount of uncertainty (and cost) because you are going to market with a brand that reflects your values and meets your customers’ expectations.

The value of this collaborative process is unlimited. The downside of not doing so can be catastrophic.

There are many examples where a re-brand without customer consultation has had significant consequences.
Today, with the data harvested from social media, CRM systems and streamlined customer intelligence tools, companies have an unprecedented opportunity to understand and respect their customers as people. To show them the love they deserve by placing them in the center of their strategic universe—to be customer centric. But becoming a genuinely customer-centric organization requires some heavy-lifting. Consequently, more and more companies simply pay lip service to the trend, and in doing so, fail to harness the collective wisdom of their customers into better business decisions.

To be truly customer-centric you must love and respect your customers. And like love, becoming customer-centric takes commitment and effort. The first step is to redefine your relationship with customers and recognize them as people, not data-points.

Focus on Customer Centricity

A customer-centric organization builds an operating model around a deep understanding of its customers, what they value and the contribution each makes to the profitability of the company.

This requires:
- Designing business processes that recognize different customer segment needs
- Delivering a positive and seamless customer experience at every touch point across the customer life-cycle
- Maintaining an active dialogue with customers (and acting on feedback)
- Fostering a culture that places the customer at the heart of the decision-making process
But here’s the catch. Business leaders today are drowning in data. They’re frantically treading water to keep their calm visage above the ever-rising tide of data; the white noise of transactional information and the unstructured shouting match of social media. It’s no surprise why they’re motivated to keep swimming. Businesses heap high-praise on data-driven leaders. The logic is simple—if you have the numbers, you have the answers. However, this is a dangerous axiom when dealing with the fickleness of human nature.

Big data makes big promises but for the most part it has been a big let down. What we’ve learned is that the vast majority of big data dissolves into the ether. Some studies suggest that as little as 7% of the data a company collects, gets tagged and less than 1% gets analyzed. The majority of that data is transactional, meaning it only reveals what your customers have done, where they have been and how they have paid in the past. With predictive analytics you may be able to postulate about what your customers might do. But, no amount of transactional data in
This is not to say that big data is not a valuable resource. Nor am I suggesting that social media doesn’t help you understand a unique segment of your customers. Far from it. The point is, that to truly understand your customers, to gain a deeper respect for their motivations and preferences, you need more robust tools. You need to engage your customers directly in an ongoing dialogue. You need to communicate in a structured environment where you can ask good questions and harvest considered responses. Getting to why, requires a commitment to hosting your customers in an easily accessible environment where they feel invested in both your brand and the outcome of their input. A place where they feel loved.

Social media was supposed to be a savior in this regard. But in the special report: What Social Media Analytics Can’t Tell You About Your Customers it was revealed that 30% of social media users account for 90% of social media updates. Moreover, the habits, preferences and buying behavior these “enthusiasts” have are markedly different than the majority of your social media audience. So, if you’re using social media to engage with the people who you think are your customers and using social media analytics to guide your business strategy, you face a very real risk of misreading your customers. To put it another way, if you’re using social media to understand customer motivation—to understand why—you will miss the mark.

Most firms estimate that they are only analyzing 12% of the data that they already have, LEAVING 88% OF IT ON THE CUTTING-ROOM FLOOR.

Forrsights Strategy Spotlight: Business Intelligence And Big Data, Q4 2012.
The evolution of high performance companies has been, for the most part, slow and steady. A smooth transition from product differentiation and the golden age of advertising through to logistical improvements, the emergence of e-commerce and the new challenges of mobile commerce. The rise of the empowered customer has disrupted the innovation curve for businesses today. Product, price and service are table stakes and a robust mobile strategy is the next big gamble. The widespread adoption of mobile and cloud based computing, in combination with social media, have completely transformed the relationship between businesses and their customers.

In the past, businesses introduced new products and technology, set the price and opened their doors to customers waiting patiently outside brick and mortar stores. Today, customers demand products and services that meet their expectations. They are driving prices down while insisting on superlative, ever more personalized service.

Today, innovation is driven by customer expectation.
To win in this customer-driven era, companies must leverage technology that allows them to engage customers directly. The only way to do that is to build closer, more meaningful relationships with customers so you can anticipate and understand their expectations rather than infer their preferences from big data or be reactionary on social media. The business focus, internally and externally, must be on the customer. And the highest performing companies in the world are doing exactly that.

In 2013 IBM released a report called the *The Customer-activated Enterprise*. The report concluded that outperforming organizations are much more likely than underperforming ones to be collaborating with customers. The Aberdeen Group produced a similar report later that year showcasing the importance of customer centricity.

According to a 2014 IBM Global C-suite study, *chief executives from more than 1500 companies around the world ranked customers as the most important influence on business strategy* behind the C-suite itself. Higher than the Board of Directors, higher than the corporate strategy department and nearly twice as high as their non-executive leadership teams.

Forrester’s Customer Experience Index echoed these findings. Their report showed that companies that were committed to their customers enjoyed a 43% gain in stock performance over a six year period (2007 to 2012), compared with a 14.5% increase for the S&P 500 Index and a 33.9% decrease for a portfolio of customer experience laggards.

Companies that collaborate directly with their customers had:

- 30% higher customer retention
- 55% increase in revenue
- 96% improvement in response time to customer inquiries
Today’s hyper-informed, mobile enabled and always-on customers know more about your products and services than you do. That’s a sobering thought for any business leader and downright scary for people in product development, sales and service. Take it one step further: not only do today’s customers know more about your products, they know more about your competitor’s products too. The implications of that are significant. If you can effectively engage those customers, they become an exceptional source of innovation, product testing and competitive intelligence.

The challenge for many companies is, how? Building and supporting a crowdsourcing website is an expensive and time consuming proposition. Moreover, engaging customers on an open ended treasure hunt for new ideas fails to hit that key customer motivator: “What’s in it for me?” Companies like Lego have solved that problem by offering 1% of the revenue for the winning idea. Make no mistake, Lego and a handful of other global brands have had some success with this model. But we’re talking about multi-billion dollar, global enterprises with broad market recognition, not to mention the will and resources to fund effectively the development and management of a crowdsourcing platform (effectively being the operative word).

Another option is to turn to social media. But as we know, social media is dominated by a noisy minority of hyper-active users. The report What Social Media Analytics Can’t Tell You About Your Customers tells us the most active users of social media also have a strong desire to influence their friends and family. Giving that small slice of your customers a forum to influence the development of your services and products is inviting trouble. Ultimately, you’re relying on information from about 30% of your social media audience which translates into an even smaller segment of your actual customer base. With this model, the needs of the few will far outweigh the needs of the many.
Effectively engaging your customers in product innovation and other idea-driven endeavors requires a well-defined strategy, transparent objectives and an audience invested in the final outcome with a clear understanding of how they can contribute in a meaningful way beyond spitballing, half-baked ideas.

At the very least you need:

1. Access to a diverse group of pre-qualified, well-segmented customers that should also include your competition’s customers.

2. A secure, controlled environment that your customers can access on any device at anytime.

3. A structured approach that allows you to harvest big ideas and concepts and give feedback on the most viable.

4. Tools that allow you to quickly and easily test early stage ideas and share the most viable across your company and different segments of your audience before embarking on development.
Developing a strategy that embraces the tenets of customer love is critical if you want to engage today’s empowered customer in a meaningful ongoing dialogue that delivers insight you can use to drive better business outcomes.

**Personalize Your Customer Relationship**

*Customer love is the outcome of a relationship built on trust and understanding.* The kind of trust and understanding that can only be developed with continuous, two-way dialogue and consultation. Ad hoc surveys are tantamount to asking a stranger on the street if they like your jeans. One or two people will say “yeah, sure, whatever,” a few people will look at you like you’re crazy and most will try desperately to avoid eye contact. In the Age of the Customer, surveys have become part of the problem—yet another example of how companies devalue personal, human interaction with their customers. They spam their customers with unwanted email. They collect, use and sell customer data without their permission. And they bombard customers with requests to fill out surveys without providing anything tangible in return. It is precisely for these reasons that response rates to customer surveys have plummeted during a time when the desire among customers to provide feedback to brands has never been higher.

*"When all you have are answers, it’s impossible to know which, if any, are correct... Low response rates, wording, setting, the matter of who’s asking—all affect the responses. Researchers can’t know whether the answers correspond to respondents’ actual behaviors or their true beliefs.”* George Beam, Associate professor of public administration, University of Illinois at Chicago
Make the Commitment to Love Your Customer

You need to build your audience from a pre-qualified, well-segmented population of people who have chosen to participate, feel invested in the process and understand that their participation has meaning. It boils down to having access to the right people who can provide considered responses, to the right questions.

Abercrombie & Facepalm

The CEO of Abercrombie & Fitch revealed their stores don’t carry plus-size clothes in order to ensure that only people who fit a certain beauty standard would be seen wearing their brand.

“We go after the cool kids,” CEO Mike Jeffries said in defense of the marketing tactic. “We go after the attractive, all-American kid with a great attitude and a lot of friends. A lot of people don’t belong [in our clothes], and they can’t belong. Are we exclusionary? Absolutely.”

The backlash was fast and devastating. Jeffries initially stood by his comments but eventually the company was forced to issue an apology, promising to take concrete steps to promote inclusion and diversity but the damage had already been done. After years of declining profits Jeffries revealed the company would reduce its offerings of heavily branded clothing—a stark acknowledgement of the damage Jeffries’ comments had done to a once powerful brand.

Keep It Real

Customers today are smart and savvy, with instant access to more information than ever before. They have become desensitized to broadcast marketing messages that feel patronizing, robotic or inhuman. When dealing with customers, it’s crucial to be real, human and empathetic. The best way to do this is to foster a culture in the company that encourages everyone to love your customers; a culture that makes employees enthusiastic about collaborating with customers and genuinely appreciative for their insight.
Empowered customers expect candor and honesty from the companies they deal with. When engaging your customers, be forthcoming about your objectives, give clear directions about the nature of their participation and ensure they understand what you are planning to do with their ideas, comments and suggestions. In short, explain what you want, why you’ve engaged them and how you see them contributing.

Be Transparent

Designate an Ombudsman

Whether the person's title is Chief Customer Officer, brand ambassador or simply ombudsman, someone in your company should be dedicated to understanding your customers. They should have an ear to the ground listening for changes in the market and empowered to react or better yet anticipate.
It is not enough to smile and nod anymore. Empowered customers need to see a change in service levels or product offering and they need to understand how they affected that change. Posting “Thanks for your comment, we’ll look into it.” on social media is the digital equivalent of grumbling “Yes dear” from your La-Z-Boy. You’re clearly not listening and it’s obvious you don’t really care.

Ad-hoc surveys fail in this regard because they are essentially one and done. Well-executed social media monitoring does demonstrate that you’re paying attention, but it is largely reactive while the material you share and post on social is mainly broadcast content aimed at the entire audience instead of being tailored to a specific segment.

Conventional wisdom suggests that companies should go above and beyond to add the “Wow!” factor to their customer experience. In *The Effortless Experience*, Matthew Dixon reveals “there is virtually no difference at all between the loyalty of those customers whose expectations are exceeded and those whose expectations are simply met.” In other words, when it comes to building loyalty—like any sturdy, relationship built on

Angie Hicks Founder and CMO of Angie’s List says it’s important for businesses to read customer feedback but cautions that not all comments are created equal. “Anonymous reviews should never receive the same attention as authored comments,” she says. Hicks also highly encourages companies to find ways to encourage direct communication with their customers. “It’s great to have your customers preaching your product beyond your site and social media channels,” she writes. “But it’s easiest to respond when the conversation is happening right in front of you.”
Encourage Feedback

An engaged audience is invested in your company’s improvement. Feedback from customers should be encouraged and analyzed carefully. Listen to your customers, even when they’re angry. Don’t hide behind your brand—be earnest, real, and transparent with your customers in order to earn their trust. Encourage feedback, say “thank you.”

Share with your customers the insight taken from their feedback and highlight the changes that were made as a result, creating a virtuous circle of customer intelligence.

love—“Wow!” doesn’t count for much in the long run. The key is to stay focused on building long-term relationships that are reinforced by ongoing dialogue and continuous engagement and consistent feedback. Customer love is more “On Golden Pond” than “The Bachelor.”
PARTING

Running a successful business takes passion, commitment and years of dedication. You have to love it. But separating yourself from the pack and leading your industry means finding new ways to harness the collective wisdom of your customers—your last competitive advantage.

It’s not enough to profess your love from the rooftops. You need to connect directly with your customers. Social media was a promising tool but the demographics simply do not reflect your customer base. The insight hidden with petabytes of big data are virtually impossible to mine. There is simply too much data to sift and sort. While ad hoc surveys are too limited and impersonal providing only answer without context or the opportunity to dig deeper or open a dialogue.

Empowered customers demand enhanced personalization from the companies with which they do business. What people buy today reflects who they are, as much as what they need. The crux of that dynamic lays in the why—an understanding of the motivation and inspiration. Rich and contextual customer intelligence that drives better business decisions and proves to your customers that you love them.

Vision Critical provides a cloud-based customer intelligence platform that allows companies to build engaged, secure communities of customers they can use continuously, across the enterprise, for ongoing, real-time feedback and insight. Designed for today’s always-on, social and mobile-savvy customer, Vision Critical’s technology helps large, customer-centric enterprises discover what their customers want so they can deliver what they need.

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