



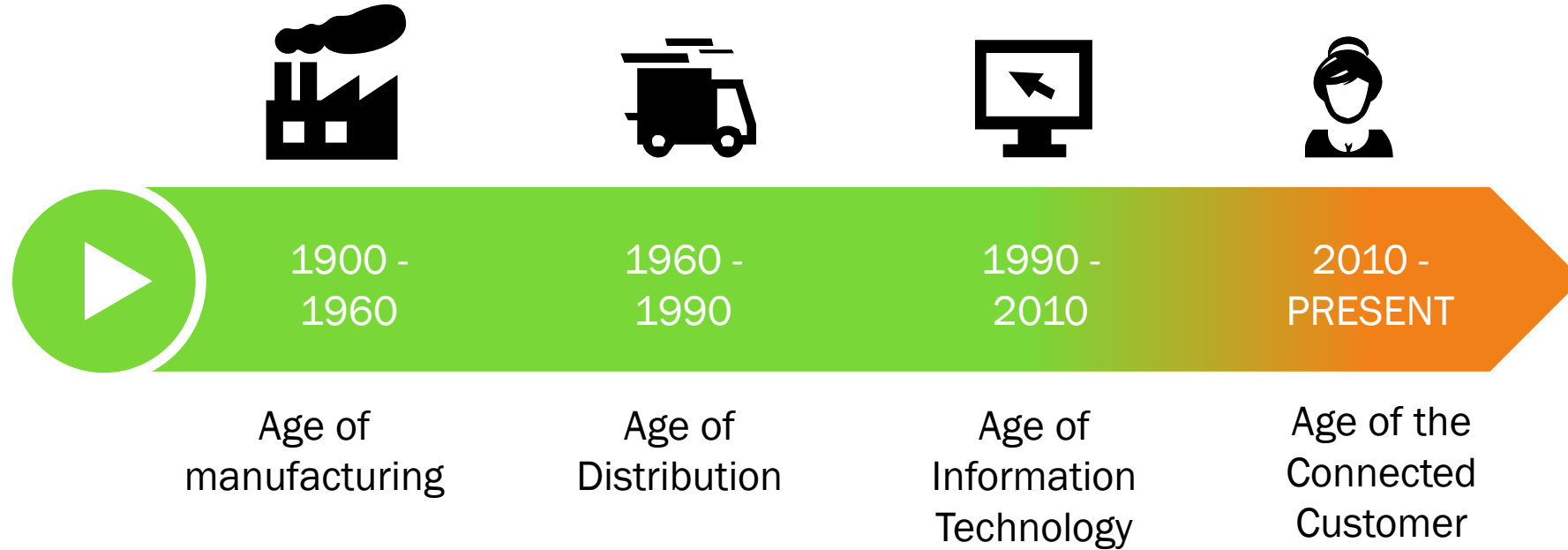
## **Moving towards Customer-Centricity**

Develop Differentiating  
Customer Value Propositions

Graham Tocher

November 3<sup>rd</sup>, 2016. Dublin

# Traditional value drivers no longer provide competitive advantage



# Everybody talks about customer experience & customer centricity

“Improving the customer experience is #1 priority for CEOs in 2016.”

Source: Among 11 possible priorities, Forrester Business Technographics Global Priorities and Journey Study 2016

“The new CMO is about owning the customer experience...”

Lynn Vojvodich, CMO  
Salesforce

“Global overperformers have 91% score on: Customer Centricity as a top priority for leaders”

Source: Kantar Vermeer Insights 2020  
Driving Customer-Centric Growth

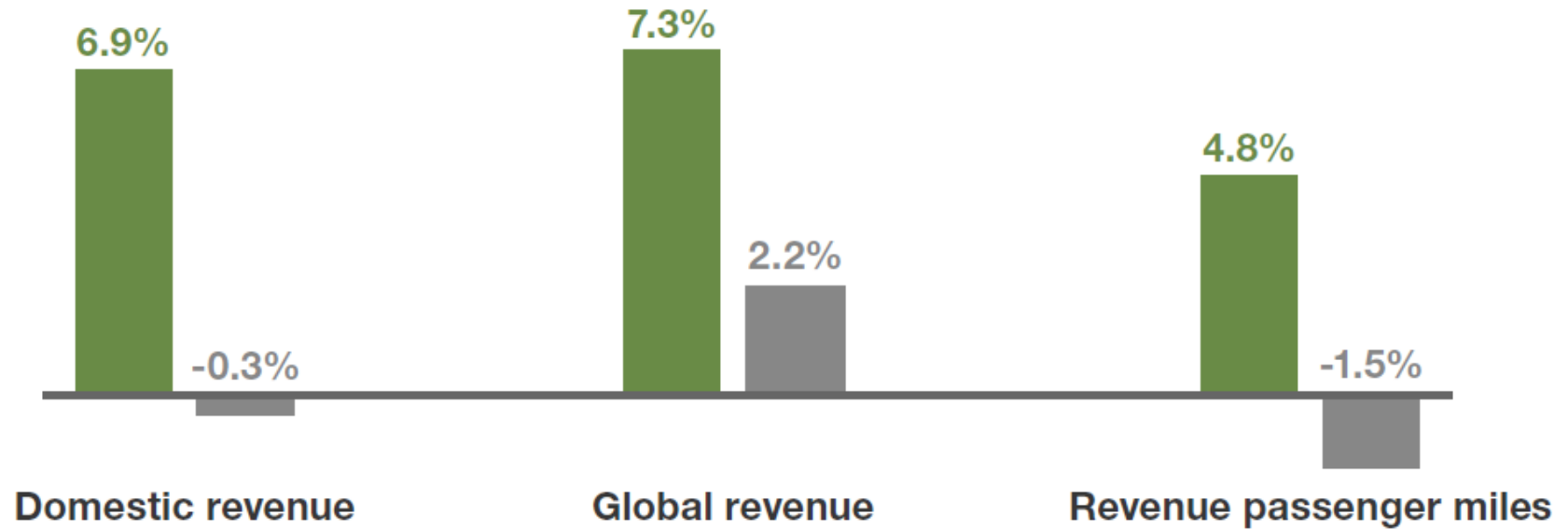
“Marketing might get you new customers, but if you are not looking after the customer experience, what’s the point?”

SVP EMEA at Genesys

# And with compelling stories

Compound annual growth rates, 2010 to 2015

- CX leader: **Southwest Airlines**
- CX laggard: **United Airlines**



Source: Forrester 'CX Drives Revenue Growth, 2016'

# And core characteristics

Delivering on Total Experience:

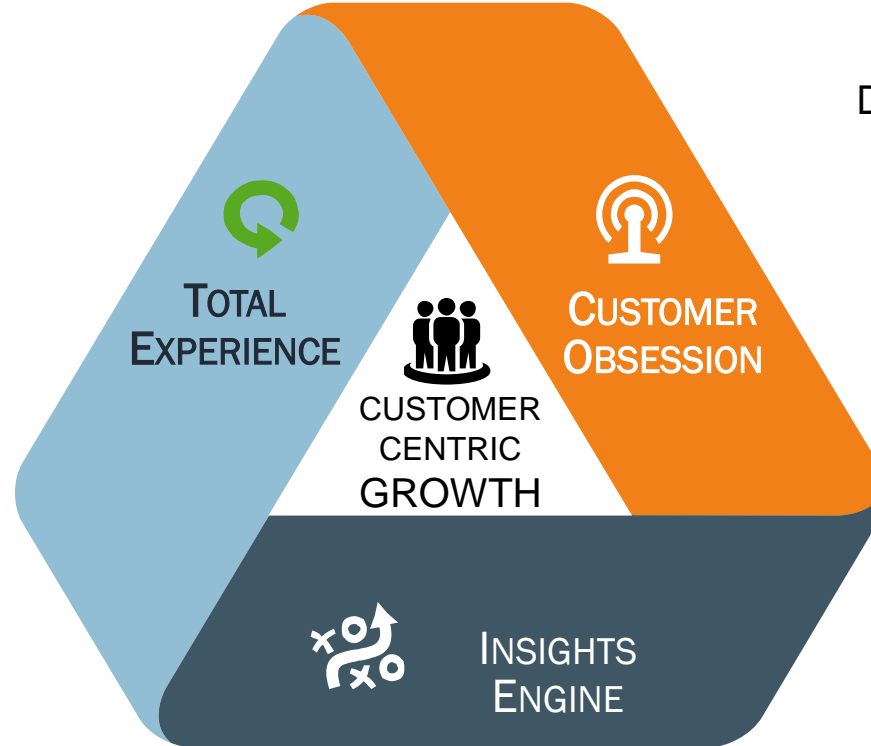
3x

Outperformers: 85%  
Underperformers: 29%

Delivering on Customer Obsession:

4x

Outperformers: 87%  
Underperformers: 22%



Delivering on Insights Engine:

4x

Outperformers: 51%  
Underperformers: 12%

# 10 principles of customer strategy

1

Master the art of the possible.



2

Know your customers at a granular level.



3

Link your company's customer strategy to its overall identity.



4

Target customers with whom you have the right to win.



5

Treat your customers as assets that will grow in value.



6

Leverage your ecosystem.



7

Ensure a seamless omnichannel experience.



8

Excel at delivery.



9

Reorganize around the customer.



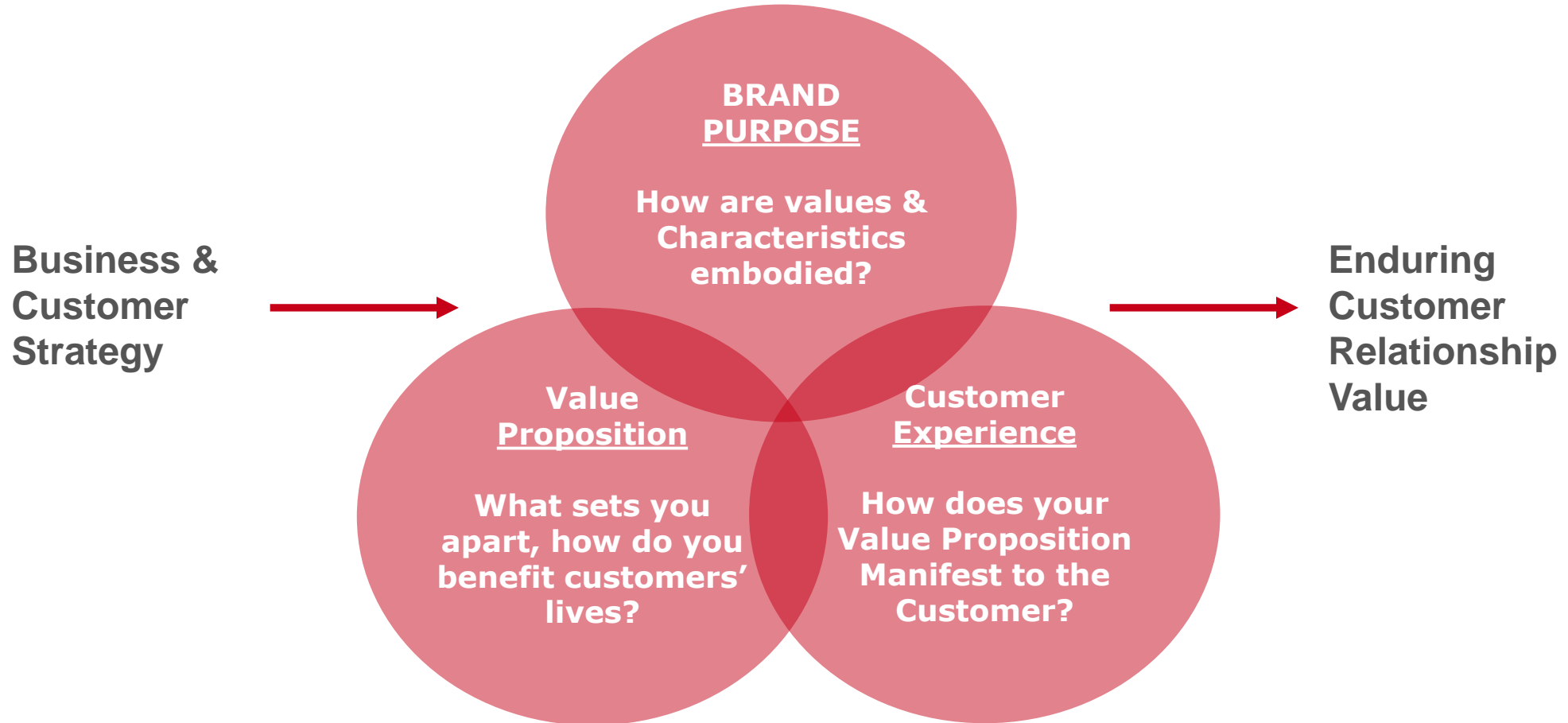
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Match your culture with your customer strategy.

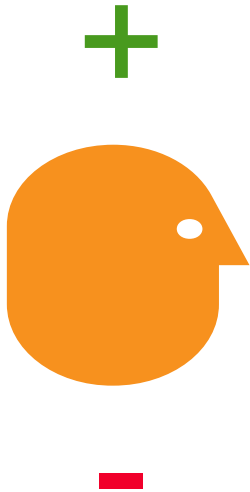


Source: strategy&, PWC

# In other words



# Are you able to determine the Customer ROI for your organisation?



Research has shown that

a **1% increase in retention rate** has a 4.9% increase in customer lifetime value,

while a 1% increase in margin has only a 1.1% increase in customer lifetime value!

Source: "Strategy from the Outside-in – Profiting from Customer Value", George S. Day & Christine Moorman, 2010



# Case Study: US mobile operators

## Understanding how relationship strength links to churn

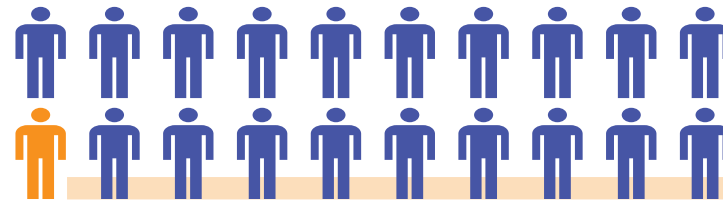
### Global R&D Programme

Actual churn from mobile network operators in the US

2013 first round of interviews with customers from all relevant operators

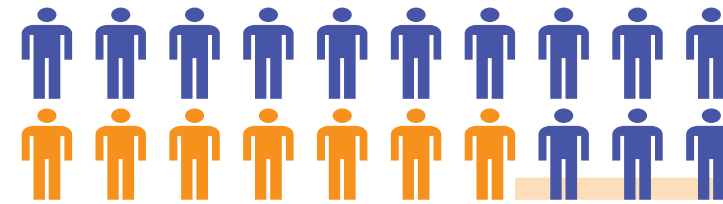
2014 follow-up interviews with the same customers about their actual behaviour

### Strong & Differentiated Relationships



Actual churn 2014 4%

### Weak & Undifferentiated Relationships

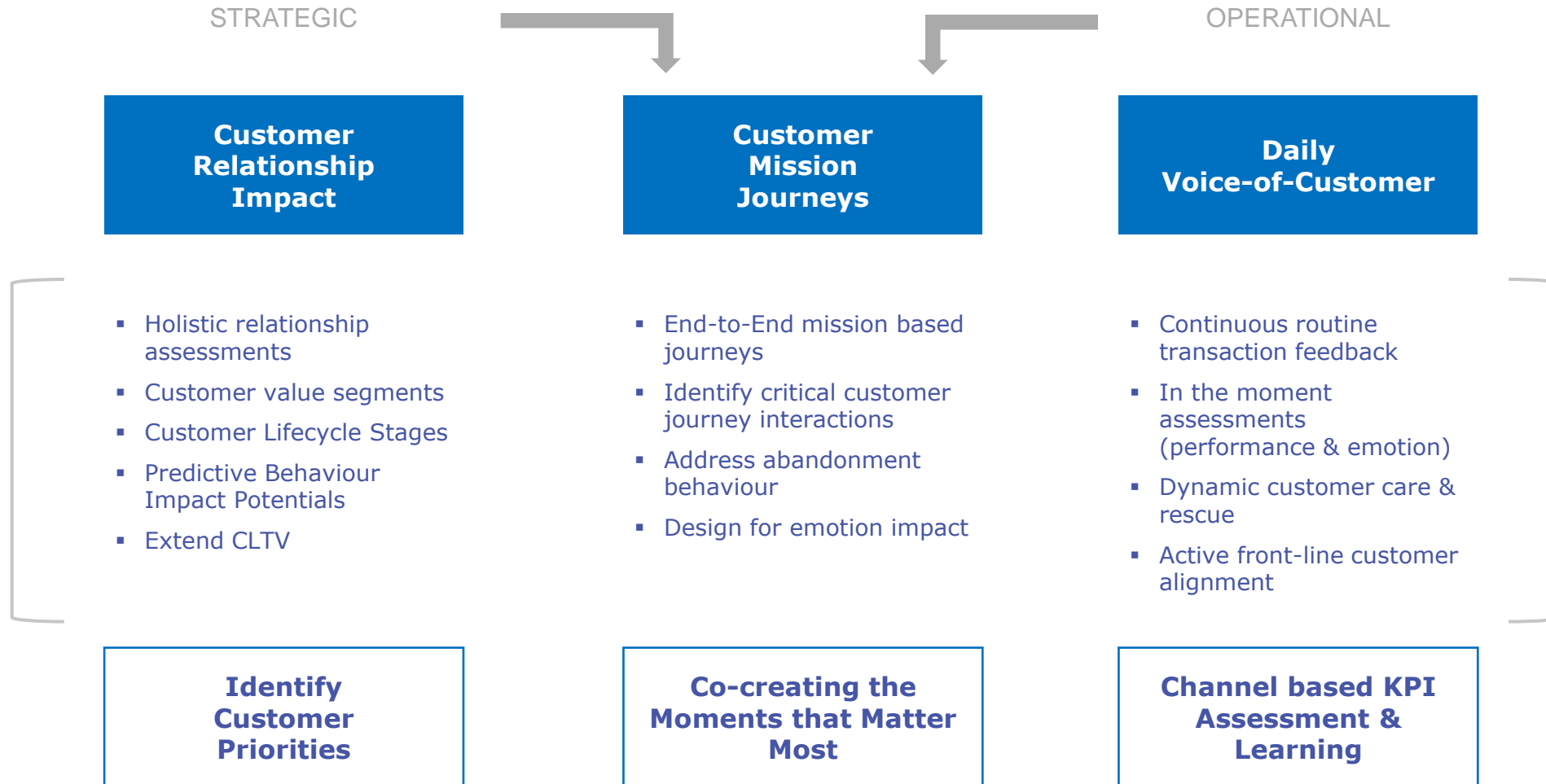


Actual churn 2014 36%

\*9

SOURCE : TRI\*M validation survey 2014

# Integrated Customer Experience Insights





**Creating memorable experiences in the moments that matter most**

“I've learned that people will forget what you said,  
people will forget what you did,  
but people will **never forget how you made them feel.**”

Maya Angelou

African-American poet, memoirist, actress, director, and civil rights activist

# Memories are the missing link in many programmes - this needn't be the case

Create positive emotions in moments that matter



Those experiences become memories



Memories drive relationships

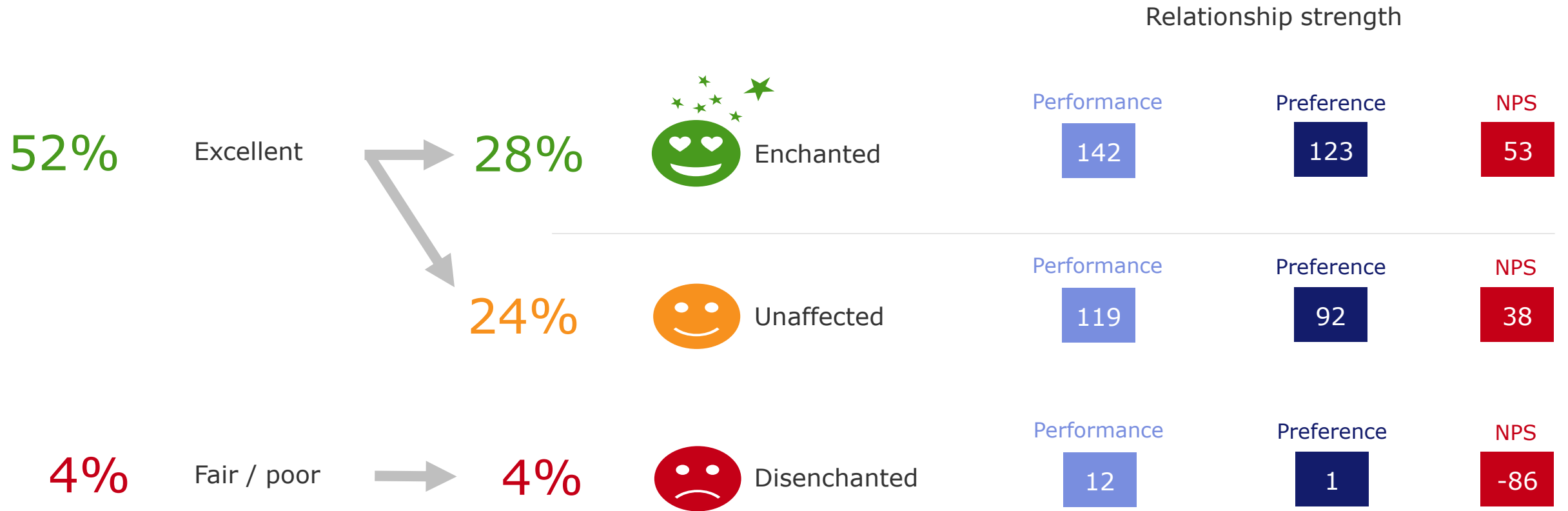


Relationships drive business outcomes



# Emotions drive relationships

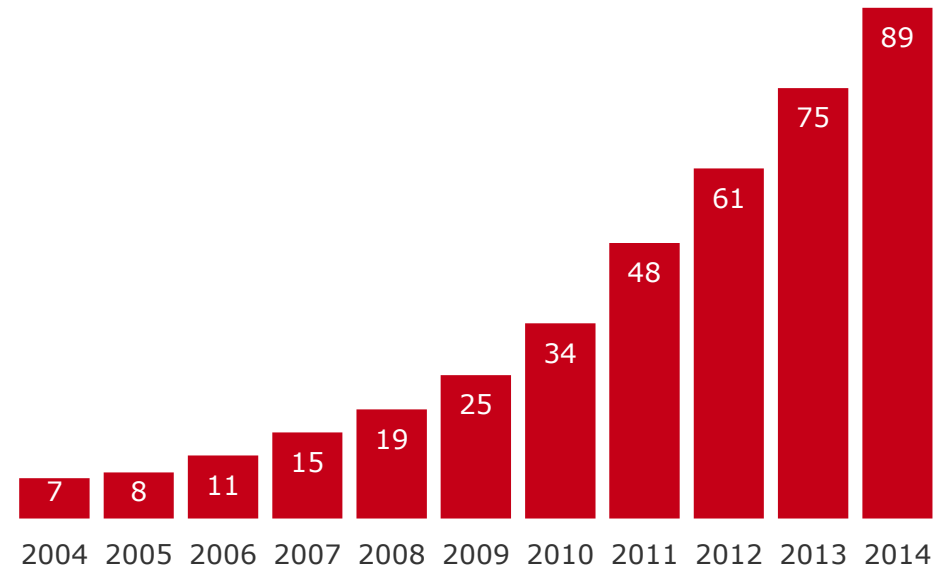
(Retail Banking)



# Case Study: Amazon's relentless focus on customers pays off

“We're not competitor obsessed, we're customer obsessed.  
We start with what the customer needs and we work backwards.”

- Processes aligned to customer needs
- Excellent customer service
- Every interaction informed by customer data



■ Net sales revenues in billion US\$

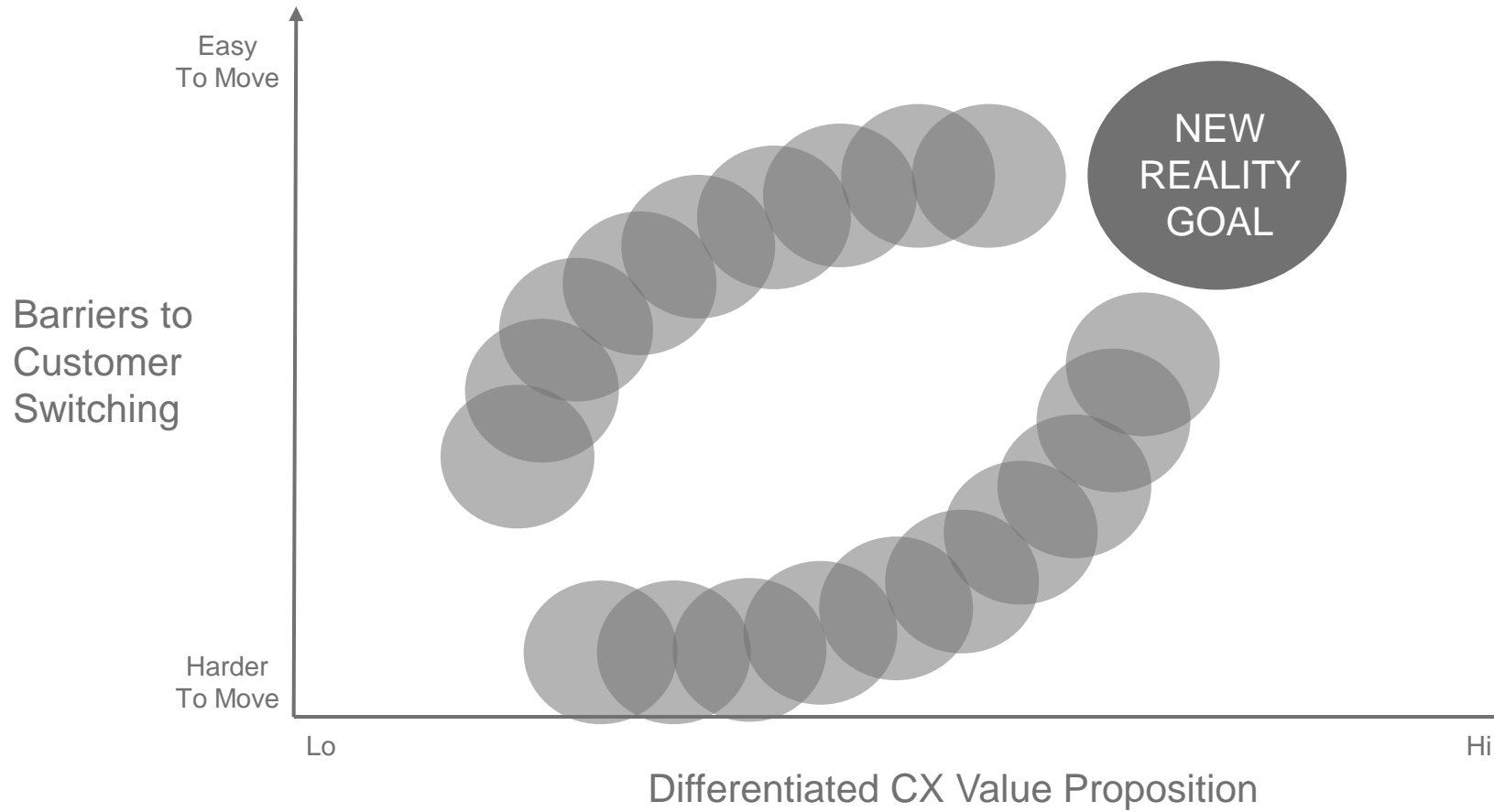
SOURCE : TNS Customer Strategies survey 2016  
Base: 348

# Amazon out-performs the Top 5 e-commerce companies in the UK





# Landscapes are continuously shifting



# Amazon.co.uk creates happy customers – but sufficiently so?

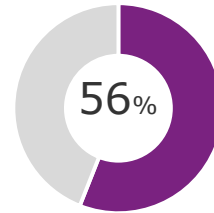
## Operational excellence

48%

Excellent

X

## Emotion



=

## Impact on relationship

27%



Enchanted

50%

(Very) good

72%

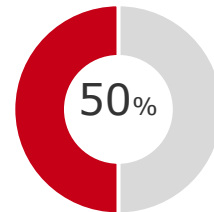


Unaffected

2%

Fair / poor

X



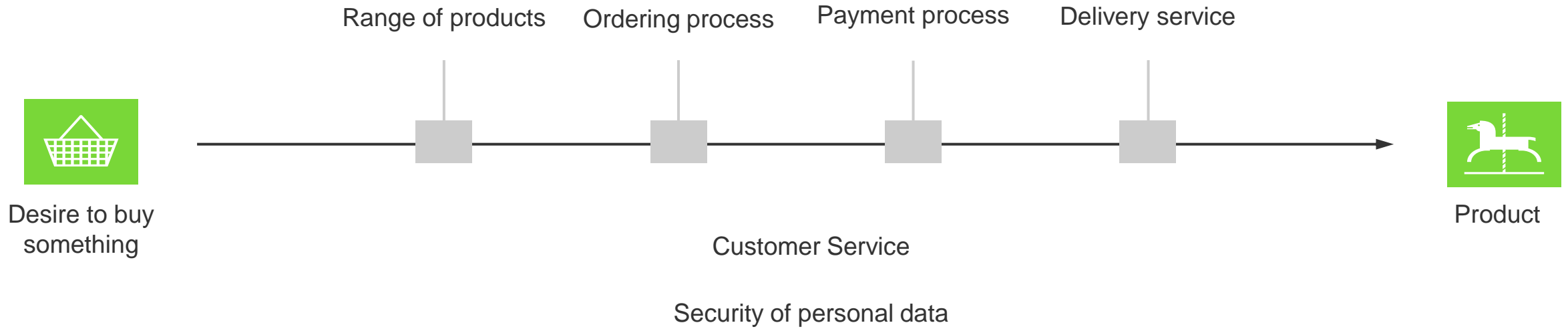
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1%

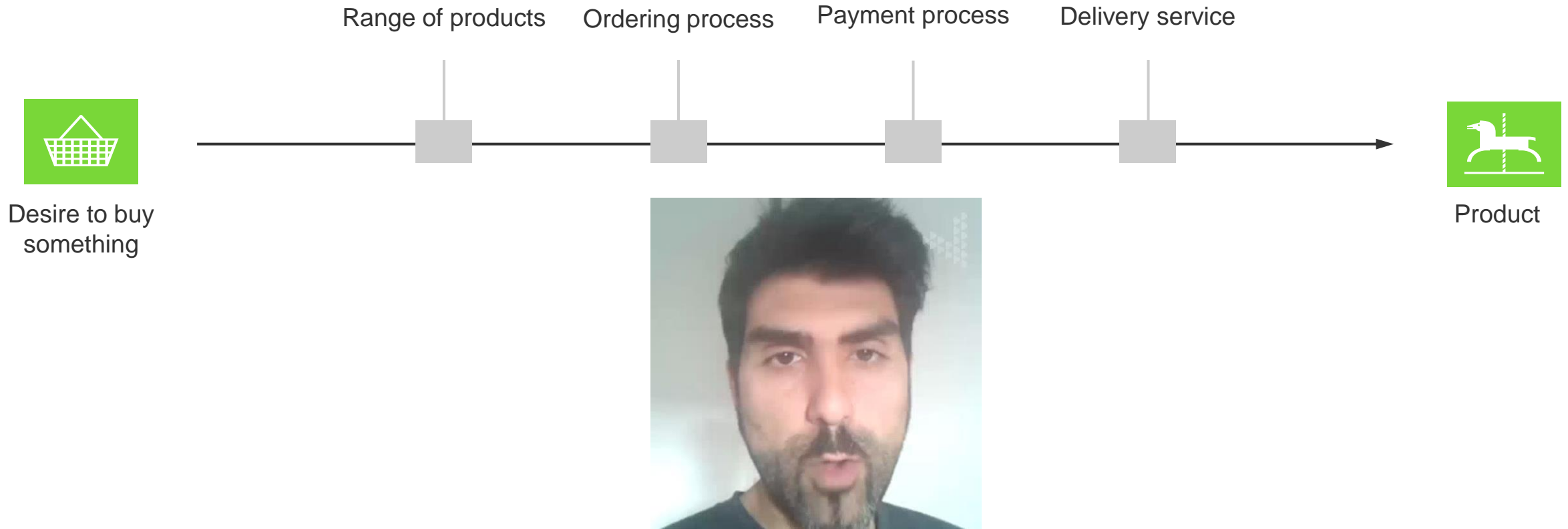


Disenchanted

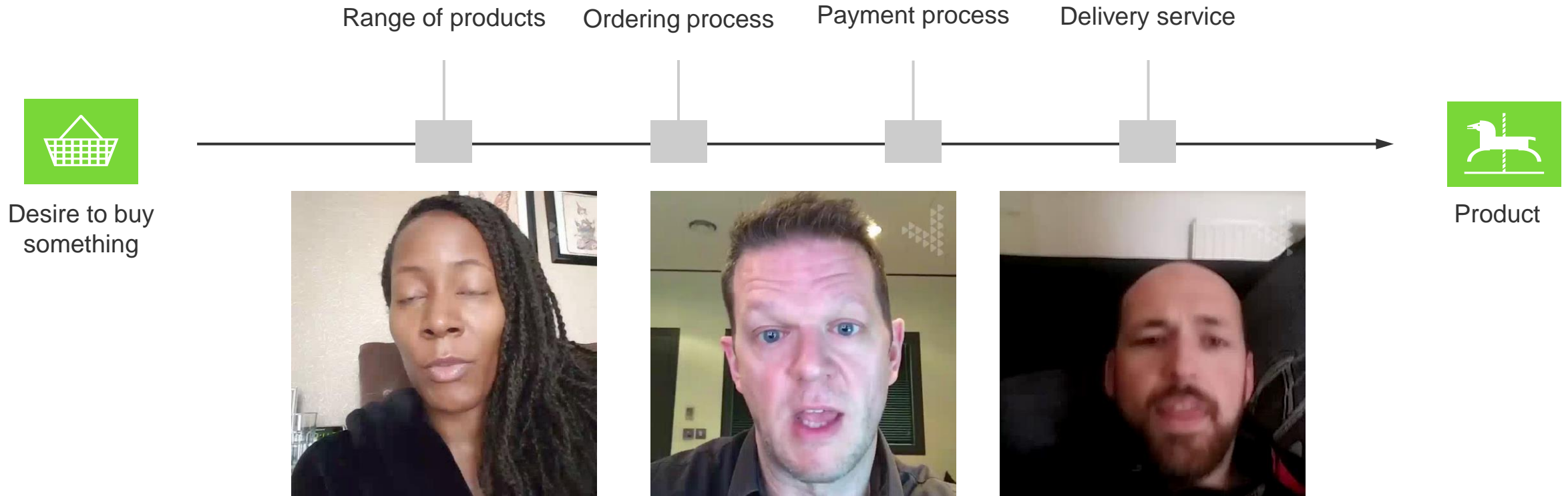
# The Amazon Customer's Journey & Touchpoints



# What particularly enchants Amazon customers?



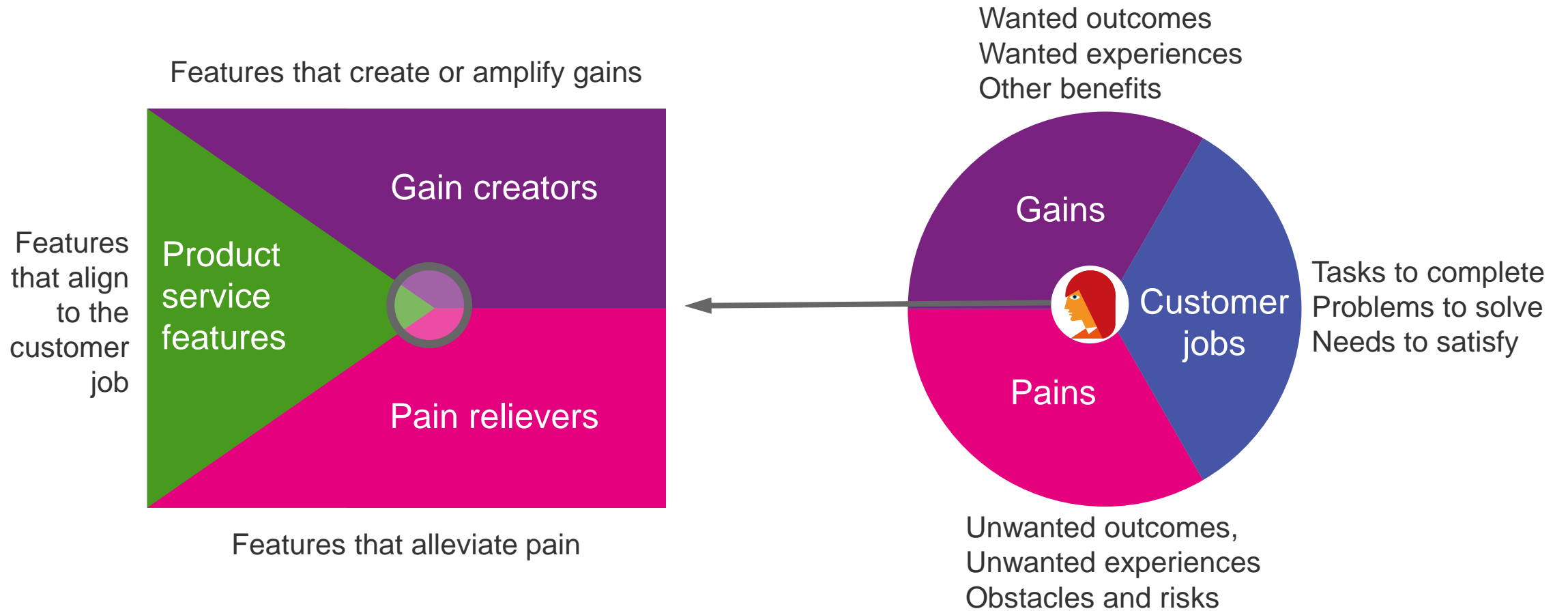
# What could Amazon consider enhancing?



## So, what do we *really* mean by Customer Centricity

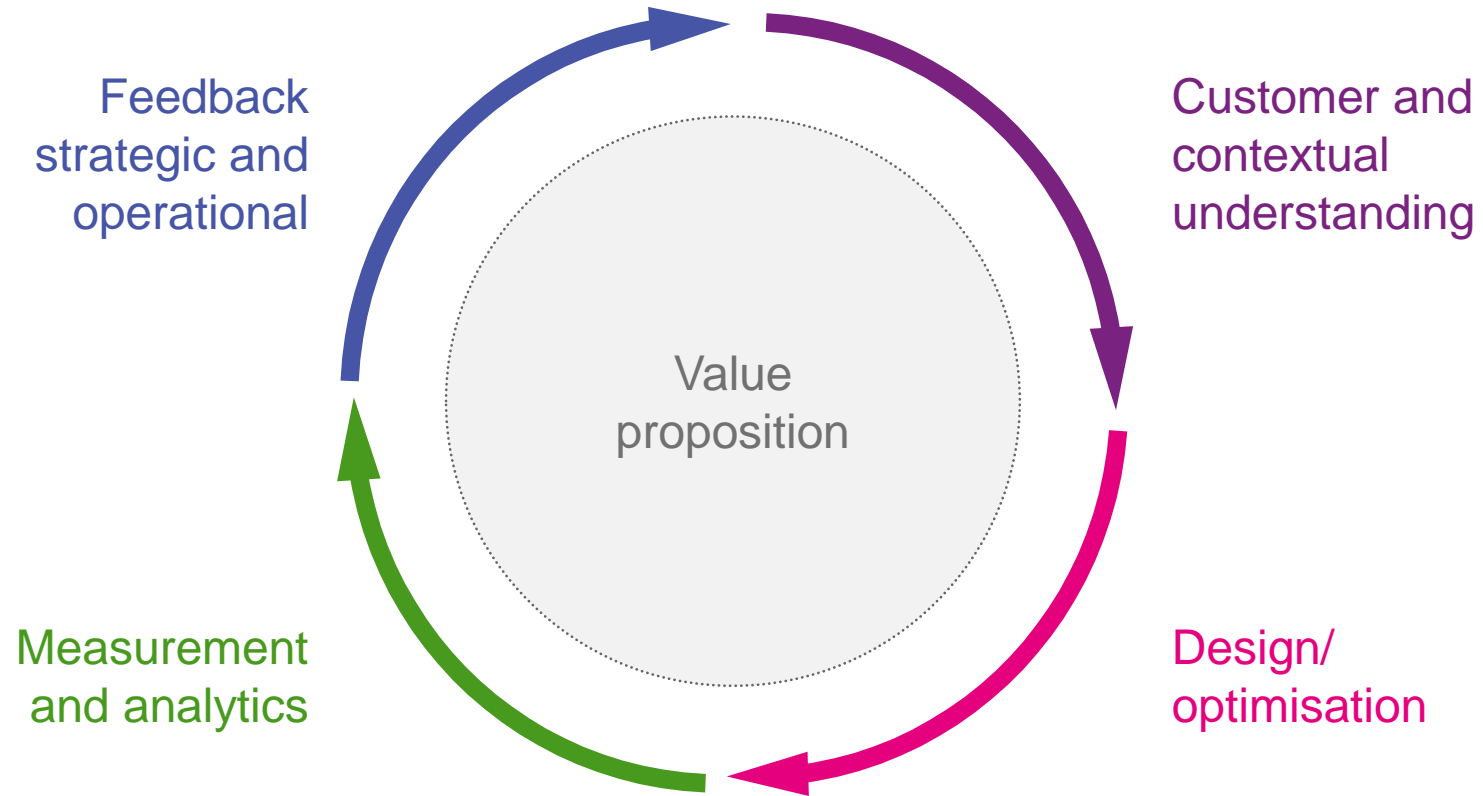
“ Keeping the customer at the centre of focus to ensure you are always delivering a positive experience regardless of the circumstances „

# Define and refine value propositions

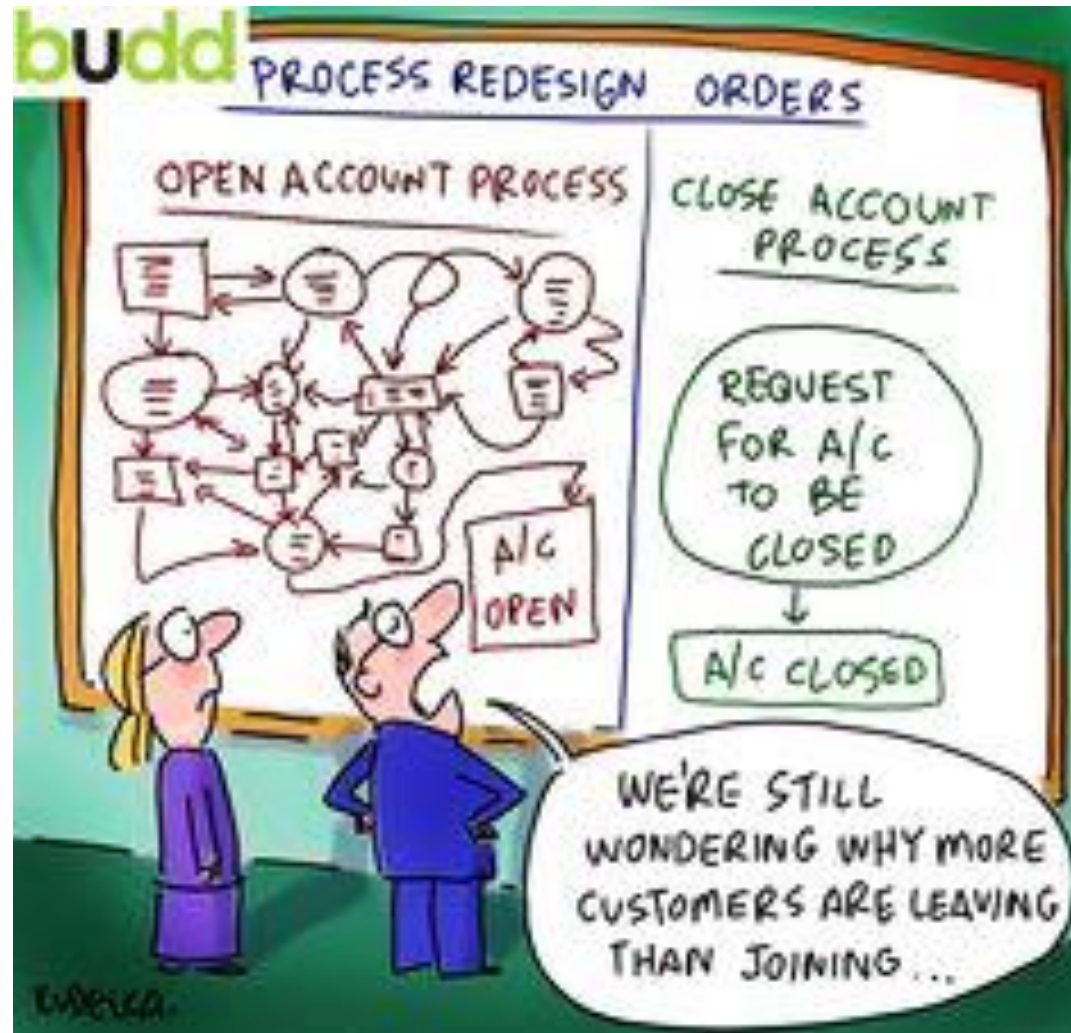


Source: NUS-ISS, from Strategyzer 'The value proposition canvass'

# Continuously evolve your customer focus through 'experiential listening'







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