

Introduction

Whether you're a CEO, CFO, COO or an operational head looking after marketing, ecommerce or other functions, if I told you that if you increase customer retention rates by 5 per cent, you will in turn increase your profitability anywhere from 25 per cent to 95 per cent (Gallo, 2014), would you take customer retention more seriously? Would you then invest in, and focus on, the core drivers of customer retention? This book will provide you with everything you need to know about how to do this as well as provide the business case (yes, you'll still need one of those) to convince the powers-that-be to make the investment.

By reducing churn and keeping your customers, you're not only building your customer base; more importantly, you're most likely creating fans – which in turn means they tend to amplify their thoughts about your brand, both on social media channels as well as face-to-face with family, friends and work colleagues. In essence, they become an extension of your marketing department.

Following on from my first book, *100 Practical Ways to Improve Customer Experience*, which was a practical guide about how to deliver customer-centricity end-to-end across a consumer-facing business, this book is about the value of doing it.

This book is packed full of examples and case studies of consumer-facing businesses from across multiple sectors including retail, travel, financial services, hospitality and automotive, who have been highly commercially successful and the drivers for that success. This is anchored in their culture, levels of service, great experiences and overall consumer engagement.

It seems crazy to have to write a book to prove the value of being truly customer-centric. However, I believe there is a need to do so. I have many conversations with c-suite executives who come from a time when we could take a customer's business for granted and therefore have focused on more traditional business metrics rather than customer-facing ones.

As I mentioned in the Preface, the change that many CEOs missed began in 1994 with the democratization of retail. This is when the first online transaction took place (Grothaus, 2015). It took another 10 to 12 years for broadband penetration to take place in order to deliver a good enough customer experience, which in turn led to consumers beginning to buy online on a regular basis.

But 1994 was when the touch-paper was lit.

The internet has transferred power from brands to the consumer. Whereby in 1994 you had limited choice of your local shops, local restaurant, local car dealer, local bank and local taxi firm, you now have access to brands globally, you can have any food you want delivered to your home, you can configure your car online and buy directly from the car brand, bypassing the dealer altogether. You can manage your finances through a plethora of online banks, including Monzo and Starling, and order a taxi through any number of apps, including Gett, Lyft and Uber. None of these businesses existed pre-internet and pre-digital. But they all have one thing in common. They are laser-focused on how to add value to customers and deliver the best possible experience. This sets them poles apart from most traditional brands in these sectors.

Traditional brands are struggling to keep pace with the change we are seeing.

John Lewis, considered to be one of the UK's leading department store chains and one with better customer service than most, spent £23 million in 2019 on rectifying customer service issues where customers had bad experiences (Bedoya, 2020). To my mind this is like going to the doctors to be given medicine for your symptoms rather than treating the underlying cause – which in this instance relates to many different scenarios where customers were let down from a product or service perspective. To be clear, I'm not singling out John Lewis – far from it. This scenario is repeated across retail and other sectors. The scary thing is that John Lewis does more than most when it comes to focusing on levels of service. They have also made more progress than any other department store when it comes to understanding the need to not only 'sell stuff' but 'deliver services'. That is a big change in outlook.

It's worth including the extract below from my last book, *100 Practical Ways to Improve Customer Experience*, as it clearly highlights the correlation between customer experience and service and commercial performance:

KPMG Nunwood produced a report in 2017 called the 'connected experience imperative' (KMPG, 2017). It uses research from the Customer Experience Excellence Centre (CEEC), which conducted eight years of ongoing research

with 1,550 detailed brand reviews across 17 markets. During this research and the production of the report, they compared two groups of companies. One the FTSE100 and the other, the top 100 customer experience leaders within the CEEC report. The findings are very telling. Here's what they found the revenue growth comparison to be in three key verticals:

- Financial Services – Top 100 customer experience leader's revenue growth was 2x larger than that of the FTSE100
- Non-grocery retail – Top 100 customer experience leader's revenue growth was 3.5x larger than that of the FTSE100
- Travel and hotels – Top 100 customer experience leader's revenue growth was 1.5x larger than that of the FTSE100

(Newman and McDonald, 2018).

So, the bottom line is that if you deliver good service and customer experience, it will pay off.

Throughout this book I will provide examples of how traditional businesses with legacy people, systems and processes have successfully transformed themselves. In addition, I will highlight how new, disruptive brands alongside the traditional players have been able to drive commercially successful and sustainable businesses as a result of their clear focus on what it means to be truly customer-centric. I will contrast this with lots of examples of brands that have either gone out of business or are sadly on a path to their potential demise and why this has occurred.

I want to finally put to bed the traditional argument made by some legacy CEOs and chairpersons, that it 'costs too much to put customers first'.

The reality is, not only is it the right thing to do, but you have no choice. Failure to do so will see a consumer business die – sometimes a slow death or, increasingly, a rapid fall from grace.

I will also bring a sense of reality to what the future holds. Spoiler alert: I can tell you right now that the high street is not dead. It's also not dying – it's evolving. A great example of this being that for many years in various publications and in my keynote presentations I've talked about my view that Amazon would end up being a multichannel business. They had to. At the end of the day, they need to be where their customers are and that means also having brick and mortar stores – as this allows customers to choose how they shop and engage with Amazon.

Suffice to say, I was right. Amazon is now very much a multichannel business, with book stores, Amazon 4* stores, Amazon Fresh, Wholefoods

and Amazon Go. If you want to bet against Amazon, be my guest. But if you'd bought their shares in the first year or two, well, you'd be a multimillionaire by now. So, I place a fair amount of faith in their strategy. You should too.

Book overview

To follow is a breakdown of the key points I will cover in each chapter:

Chapter 1 is about the building blocks, all centred around customer-centricity, that drive sustainable commercial success. Within this chapter I will demonstrate that the most commercially successful brands over a sustained period are those that are customer-centric. I will provide case studies to support this and will also call on my framework for customer-centricity, which highlights the key building blocks towards achieving this.

These building blocks are the 10 key customer-centric traits of market-leading brands:

- They are employee-first and focus on creating environments that get the most out of their people.
- They have a clear understanding of core customers and their desired experiences and the need to balance customer wants with unknowns.
- Technology is seen as an enabler and not the end in itself.
- Customer-centric businesses have recognized the need to shift from value to values and the importance of this for their customers.
- They understand the requirement to be present where their customers expect to find them.
- They live and breathe social responsibility and diversity.
- They recognize that consumers don't just want to buy stuff; they're looking to engage with brands that can also be service providers.
- Their operating model and organizational structures are geared towards delivering seamless customer experiences.
- Even when they are large, sometimes global businesses, they focus on delivering hyper-localized products, service, marketing and customer experience.
- More than anything, they are obsessed with customer retention and recognize that a customer is for life, not just for Christmas! They take an approach of maximizing customer lifetime value and see the benefit of doing so.

Chapter 2 is titled, ‘Buy less, eat better, experience more’. It addresses the fact that consumer behaviour really is changing. Mindsets are changing. As we become more aware of our own carbon footprint, we see the rise of the conscious consumer.

In this chapter I also explore the impact of the shift towards experiences and away from just buying stuff. I present case studies of brands that successfully deliver great experiences and the effect this has on sales performance.

Chapter 3 brings to life the reasons why brands have failed – those that have sadly bitten the dust and why. I discuss what was broken with their model. Were they too slow to adapt? What were the death knells? I conclude by highlighting the top five lessons learned to help stop other businesses from falling into the same trap.

Chapter 4 brings clarity to brands that have successfully been resurrected. Why do businesses not work in the first place? Who are the brands that have come back from the dead and been successful and why? This chapter culminates with the top six examples of how they’ve changed and evolved to regain their relevance due to their revised customer value propositions and focus on customer-centricity.

Chapter 5 is about brands that have stood the test of time and why they’ve been able to do so. Heritage counts – what are some of the brands with history and why are they still successful today?

Reinvention is the mother of necessity and most brands have reinvented themselves to stay relevant. I will showcase some that have, as well as demonstrate the top five traits of heritage brands.

Chapter 6 discusses customer-centricity and the fact that it clearly pays to be customer-centric. There is a direct correlation between how customers view and perceive a consumer-facing brand and their commercial performance.

You will get insight into how to more effectively measure the impact of great customer service and experience as well as what the cause and effect of different aspects of customer experience is on profit and loss.

Chapter 7 is, in essence, about the first building block in driving customer-centric transformation, that is, to be ‘employee-first’. People-centric businesses are commercially successful and I’ll demonstrate why and what it means to put your employees first. You’ll get clarity on the top five building blocks towards being an employee-first business.

Chapter 8 discusses the shift from value to values, highlighting the cultural drivers for sustainable success, what constitutes a values-led business and the commercial impact of businesses that put purpose before profit and why it’s becoming increasingly important to consumers. While price

will play a part in the decision-making process for most consumers, it has to some extent been surpassed by what the business stands for.

Chapter 9 is about diversity and the requirement for a business to be truly diverse on the outside and the inside in order to successfully meet the needs of its diverse customer base. Diversity covers a broad range of people and requirements and this chapter sets out how best these should be addressed.

Chapter 10 focuses on disruptive business models in consumer sectors and why they are commercially successful. You'll discover case studies of the likes of Rockar, which enables car brands to go direct to the consumer. Or Uber and their impact initially on taxis and more broadly as they've grown their proposition into food delivery.

Chapter 11 answers a big question many are asking, which is, if you were starting a new retail business today, what would it look like? There is no question that there will be many successful retail businesses in the next decade and here you will discover what the core customer experience strategies and building blocks for success look like. An eye-opening chapter, it will also challenge traditional thinking and the return to the shareholder model.

Chapter 12 provides a holistic view of what good looks like in automotive/car dealerships, financial services/banks and airlines, and what will make brands successful in these sectors in the 2020s – from the channels to market to the need to shift from being car salespeople or shifting airline seats at the highest possible yield to becoming service providers and what this entails. To maintain relevance, car dealers, airlines and banks have to improve everything, from the channels they use to communicate with customers to focusing more on customer engagement and lifetime value.

Chapter 13 looks at social, as social media is the key to building relationships with customers and taking engagement to the next level. However, social media is also so much more than just a promotional channel. It's key to delivering customer service and is now a core sales opportunity.

Chapter 14, the penultimate chapter, is about Generation Z – Gen Z to you and I. They are the change agents, the ones who will define the future for us all. I map out what I believe these changes will entail. Their input in defining all of our futures is so important that they deserve their own chapter.

Chapter 15 lays out the road map to customer-centricity. I cover the key elements necessary to transform a business to one that is customer-centric.

After this, there can be no excuses as to why any business cannot follow the steps to becoming truly customer-centric. It's the most important thing you'll ever do and will be the strategy that will ensure you have a sustainable and successful business for years to come.

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