

High-Yield Methods

for customer-aligning business strategies, process & technology

Customers Redefine "Customer Focus" (And You May Not Like Their Definition)

Dick Lee
Principal
High-Yield Methods

Late last year, my long-time research partner and Ph.D. data denizen David Mangen and I were brainstorming to set a direction for our next customer study, and we came up with a very mischievous concept. What would happen if we "turned the tables" on companies (and on traditional customer research that companies sponsor) and ask *customers* to define how they'd like companies wanting their business to behave?

Novel concept, because few companies would ever open up this Pandora's box so wide. After all, customers could ask for all manner of things that would lead to decreased profitability—even financial ruin. And don't companies have the right to conduct business in the manner of their choosing? And which company wants to ask for "customer permission" to be in business?

For the above reasons—and especially because corporate management has precious little interest in ceding any control to customers—we thought it appropriate to give customers their opportunity to be heard, without the channeling and constraints that traditionally restrict customer input to only those issues companies want to address.

Customers have the upper hand

So what happened when we unplugged the communication channels? You could put a wrap around the aggregate customer input number of different ways, but suffice it

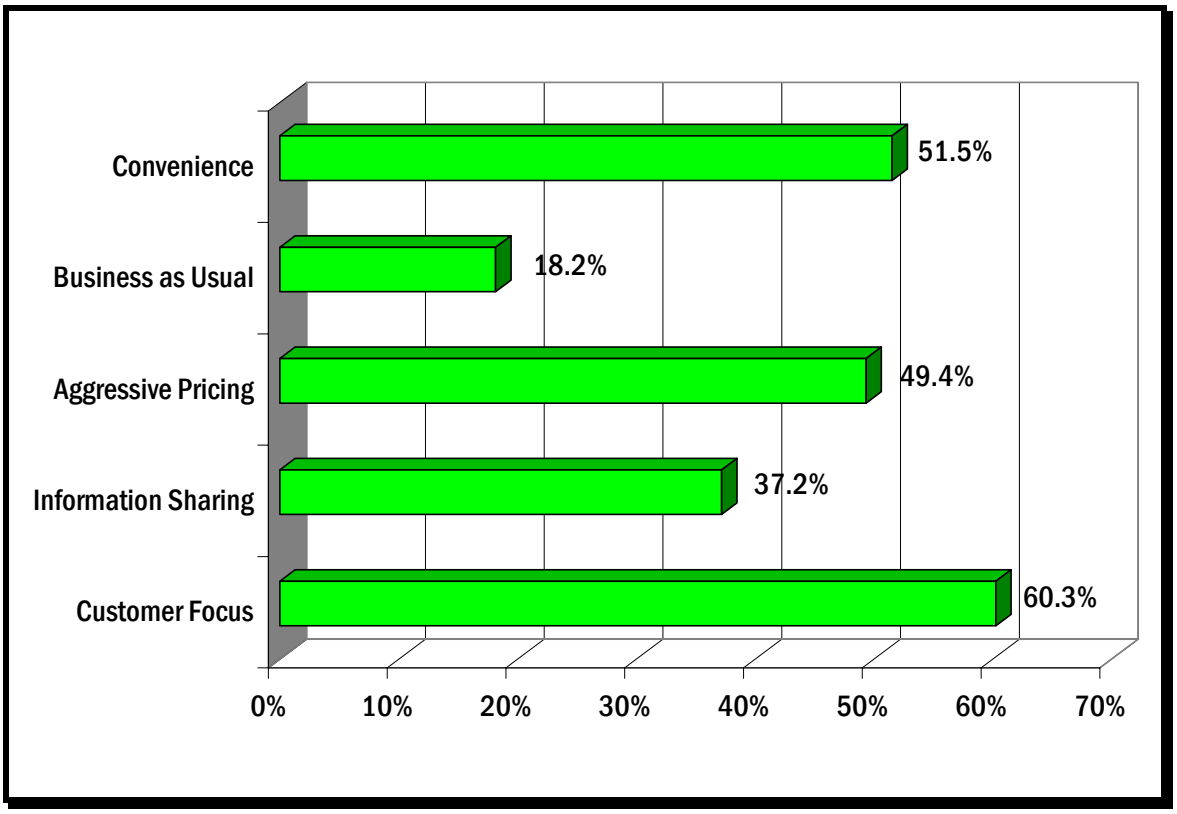
© Copyright High-Yield Methods 2007

to say that customers threw down the gauntlet and demanded more and better. In fact, customers left no doubt who they feel holds the upper hand in today's buyer-seller relationships. I'll give you a hint: It ain't sellers.

Once we'd gathered all the customer input, Mangen's meticulous analysis (using research techniques with names too long to publish here) produced outcomes that throw a bucketful of ice water into the face of traditional marketing, advertising and, yes, CRM practices—at least when applied to considered purchase markets (we focused on considered purchases vs. commodities).

Influence factors

First, customers defined $4^{1/2}$ categories of company behaviors, as shown, that influence (or don't influence) their purchase decisions:



Percent of customers rating each dimension a significant and positive buying influence

You're probably wondering where product factor fits. Customers made an interesting assessment of the importance of product quality and product relevance to their

purchase patterns. They lumped the product factors *together* with "soft" attributes such as honest and respectful communications; continually earning customer loyalty; not selling inappropriate products; and, especially, *empowered employees*. Essentially, what customers say is that product qualities tend not to influence them *unless* accompanied by customer-friendly behaviors—and that, conversely, customer-friendly behaviors without product quality don't cut it, either.

In fact, you'd be correct in saying that offering high-quality, customer relevant products *is* an essential part of customer-friendly behavior. At least, customers say it is, and that's the only vote that matters…isn't it?

The next highest influence factors after what we termed "the customer focus dimension" are, in order of their influence:

- "Convenience" (the "half category," because it's a standalone factor, rather than a grouping)
- "Aggressive pricing," which includes base prices, incentives and volume discounting
- "Information sharing," which includes the 360-degree view of customers and moving information across department lines
- "Business as usual" stuff, which includes brand, automated customer service, cross-selling and birthday cards

Empowering front-line employees

Does this mean that empowering front-line employees exerts more positive purchase influence on customers than any of the traditional "CRM" contributions, which are buried down in Information Sharing and Business as Usual?

Absolutement.

Now wait a minute, you say. It's fine for customers to turn the tables on customers. But they weren't supposed to do that to CRM. No fair! Unless, of course, you happen to consider that the messages customers are sending to the marketing, advertising and corporate management communities are even more negative. For example:

- After 50 years of sellers markets, buyers are taking widespread control of buyer-seller relationships, and many companies don't know how to respond.

- Despite the billions of dollars spent on brand advertising, customers rate brand-strength as a weak influence at best on their purchase decisions.
- Customers rate online customer service as even less of a positive influence than brand, despite companies' increasing use of the Internet.
- Cross-selling—long a staple of the financial service industry—barely registers as a buying influence.
- Research data along with empirical evidence point to customers developing "group think" and a "group mentality" capable of damaging or, in extreme cases, potentially eliminating out-of-favor companies such as Ford, GM and Northwest Airlines.

And that's just a quick sampling.

Time to pull the earplugs

No matter what customers are saying to other constituencies, it's time that those of us who are involved in CRM listen up. Customers are trying to tell us that Customer Focus behaviors, by a wide margin, outweigh the other categories in positive buying influence—and they're repeating this mantra across every industry analyzed in the study (including some industries teetering on the brink of commodity-dom). So before we get all ectoplasmic over implementing high-tech customer self-help software or linking customer information across the enterprise, we'd better consider: a) whether customers really want this and b) whether there are higher customer priorities. At least, we'd better—*if* CRM is really about the customer.

But *is* CRM really about customers? Or is your CRM about making more money off customers without offering more of what *customers* value in return? Or is it about selling stuff to companies so they can manipulate customers to make more money … or to create an information trail to keep employees on a short leash?

Good questions. Especially if you answer them honestly. You betcha.

Lee's and Mangen's full study, Customers Say What Companies Don't Want to Hear, is available for purchase on www.h-ym.com.

Consultant, author, educator Dick Lee, Principal of High-Yield Methods, ranks among the leading practitioners of CRM/CEM as well as business process design for non-

manufacturing environments. While his influence is global, for travel and family reasons Dick works primarily in the U.S., with numerous clients in the upper Midwest, close to his home base of St. Paul, MN. To comment on this white paper or to contact Dick, e-mail dlee@h-ym.com.