

# MARKETING INSIGHTS

BRAND BUILDING

## Winning Hearts, Minds

Marketers who embrace the 5 tenets of customer-centricity gain engaged, loyal brand advocates **By Chiaki Nishino and Fred Geyer**



Procter & Gamble has embraced a culture that revolves around the customer, as evidenced by its Mr. Clean Magic Eraser campaign.

who are directly involved in value delivery (customers, suppliers, and employees, for example), direct influencers of purchase decisions (media, bloggers, and market experts), and those who shape the global market context (Wall Street, government, and advocacy groups), among others.

Not surprisingly, given these new patterns, “control” over a brand is no longer in the company’s hands — if it ever truly was. Skeptical customers take note (and share stories) of the disconnected, gum-snapping cashier and poorly displayed and pawed-over merchandise. And when the public puts more stock in mommy blogs, celebrity tweets, or the fan pages their friends and neighbors join than all your marketing combined, it takes something more to win customers’ hearts and minds.

That something more is a deep commitment to creating a culture that revolves around the customer, taking

**FINANCIAL CRISES.** Changing business leadership. Competitive pressures that stand to alter the playing field. These are among the circumstances that provide the impetus for companies to develop a deeper, more expansive focus on the customer, one that generates strong and enduring loyalty to the brand and, ultimately, ensures that the business thrives.

While marketing leads the charge to create a relentless customer focus, seeing it through is more challenging than ever before — especially for businesses that are slow to respond to new paradigms for connecting with and engaging customers in today’s networked world. We’ve gone from talking *at* customers to two-way, Internet-enabled conversations to today’s era of rich networks and exploding channels of communication and points of interaction.

This shift requires marketers to hone their understanding of today’s new patterns of influence. They are increasingly wide and interconnected, encompassing those

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into account the influence patterns of the new networked world. It requires understanding — and building on — five basic tenets:

**1 Gain a deep understanding of customer attitudes and behaviors — one part empathy, one part analytics.** Who are your core customers, and what makes them tick? On the emotional side, it's key to understand the hooks that will resonate most strongly. From a science perspective, it takes awareness of the practical aspects that drive customer behaviors and, in turn, influence the way the business creates differentiation and preference.

**2 Commit to ongoing dialogue and two-way conversation.** The challenge is to engage customers and other influencers. Talking “at” them in the mode of traditional advertising is no longer sufficient to win their attention or their loyalty.

**3 Think of customer service as a table stake, but don't be afraid to prioritize.** In other words, good customer service — respectful and courteous responsiveness and timeliness — is essential, but it's not the end game. Truly customer-centric companies deliver relevant, authentic, compelling offers, customer experiences, messages, and more. But their relationship with customers must succeed on multiple levels.

**4 Combine inspiration and discipline to drive relevant innovation.** Think of inspiration as a fuel that drives the processes that organizations have invested time and energy to build. Powerful ideas come from the combination of inspiration and creativity and will go on to become innovations that inspire individuals, teams, the larger organization, and, in turn, the world (including your customers).

## CASE STUDY

### CHARLES SCHWAB GETS UP CLOSE AND PERSONAL WITH CUSTOMERS

“TALK TO CHUCK.” That simple but powerful tagline speaks volumes about Charles Schwab's steady push since 2004 to organize around the customer to regain relevance and establish its differentiation.

It was in 2004 that the man behind the brand came out of retirement to rescue the struggling brokerage firm. Profits were off by 40 percent. Revenues were stagnant. Asset outflows were excessive. And the stock price trailed competitors. Significantly, its price position versus competitors had increased, belying the firm's heritage of providing value and demonstrating a costly disconnect with clients and the marketplace.

The first order of business was an organizational reengineering marked by price cuts, to restore perceptions of value, along with reduced operating costs across the firm. But Schwab knew that wasn't enough, so simultaneously, the company sought to develop a deeper understanding of how the competitive landscape was influencing its customers. The findings? High fees combined with actions like restricting access to research had “offended our customers,” Schwab told one interviewer. “Post-Enron, investors did not trust anybody, and now that included us.”

The findings led to a concerted shift to a more complete concept of customer-centricity, focusing on the underserved “high-touch” investor as well as significant points of customer pain, like excessive broker commissions, overwhelming mutual fund selection options, and a huge overall dissatisfaction with brokers and the industry. Also uncovered: the need to be more innovative, progressive, approachable, daring, and worth paying for.

The new focus required a reaffirmation of the firm's core values, amplified throughout the corporate culture. Schwab personally visited the field in test markets, hosting a series of town hall meetings to ensure employees were comfortable with the campaign. He said, “I wanted them to be able to say, ‘I talked to Chuck today and I can talk to Chuck tomorrow if I need to.’” A “What Would Chuck Say?” competition reinforced this thinking. Payoff came fast, with a 153 percent jump in net income in 2005 as the “Talk to Chuck” campaign dramatically changed customers' perceptions and behaviors.

The 2008–09 financial crisis might have derailed progress, but the firm maintained its momentum by making itself more relevant to the painful new circumstances. Schwab himself went on the charge to personally communicate the firm's role as partner, not antagonist, in light of customers' changing situations. Acknowledging their pain, he offered practical and pragmatic calls to action, subtly reinforcing the firm's attractive price-value story. And, importantly, the message was delivered upon operationally.

Although Schwab in 2009 finished 47 percent behind the previous year in net income, it was ahead on other significant measures: client loyalty scores reached new highs, new brokerage accounts exceeded 750,000 for the third consecutive year, and net new assets reached \$87 billion, down from 2008 but still far ahead of the pace reported by any other firm.

Clearly, having an army of “Chucks” in service to the customer has proven to be a winning strategy.

— C.N. & F.G.



Charles Schwab came out of retirement in 2004 to rescue his struggling firm.

**5** Align customer experience with employee behaviors, using storytelling, symbols, and a broader narrative. Employee and customer service experiences that go beyond expectations are the source of the best stories to make the impact and the personal benefits of customer-centricity come alive. Stay on the lookout for these stories in your customer service center or retail floor. When you find one, bring it alive by talking about feelings, not just facts, and the satisfaction employees can feel when they go above and beyond to help a customer.

Procter & Gamble and Best Buy are two businesses that have made a concerted effort to embrace these tenets over time. P&G has a storied history of customer-centricity. One of its hallmarks, particularly in recent years, has been its dedication to the kinds of innovation that involve and engage customers, deepen their loyalty, and strengthen the brand while growing the business — think of the classic Swiffer or the Mr. Clean Magic Eraser.

In contrast, Best Buy is known for its store merchandising and design, informed by its deep insights into customer preferences and supported by knowledgeable and friendly sales associates on the floor, augmented by the company's Twitter-based Twelpforce.

Making customer-centricity a business priority is a process best undertaken with a long planning horizon. It involves a number of challenges, and even the best efforts can be derailed by management inertia or, (particularly in tough economic times) a dearth of resources to apply toward the effort. But persistence and consistency will pay off in the end with customers who are well served. They will know it and spread the word, resulting in a business that succeeds and thrives. ■

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