

MARKETING by Satish Shankar & James Allen

KEEPING UP with your customers

Ford's recent ranking as the highest in customer satisfaction in a recent industry survey in Malaysia is clearly good for the company. But kudos in surveys do not always translate to superior business performance. Think Delphi, a maker of automotive parts and sub-components, which has won no fewer than 27 Shingo Awards for quality, even though it made headlines last year as the largest industrial bankruptcy in American history.

That's because more and more chief executives are discovering they have abdicated control of customers to their marketing organisations. And customers who keep coming back, buying more and recommending your products and services to friends, are the key to future growth.

The standard marketing practice, developed in big consumer goods companies, was to crank out broadly defined psychographic segments and invest heavily in reaching consumers through advertising media. But advertising is a blunt instrument that is losing its effectiveness, and the standard practice ignored the customer's experience once the product was sold.

The world has moved on. Marketing in the 21st century is all about delivering outstanding customer experiences, not psychographic segmentation. Bain & Company's research finds that future generations of consumers will have more discretionary income, less time and more choices, and will display wholly new spending

patterns, depending on age, geography and wealth. To keep up with these consumers, marketers need to understand phenomena like "crossover" buying behaviour — the same shopper buys an Armani suit on Tuesday and scours for bargains at department stores at the weekend. And marketing must anticipate surprising cross-category competition — sweets manufacturers suddenly find themselves competing with mobile phone-makers for the discretionary income of teenagers.

Customers in this cross-category world want customer experiences, not just products. And they're not impressed by most of what is currently on offer. When Bain & Company recently surveyed executives of 362 firms, it found that 80% believed they delivered a "superior experience" to their customers. When we asked the customers, however, they told a very different story: They said only 8% of companies were really delivering.

To close the gap, companies need to put customers at the heart of the organisation. Here's what it takes:

Design

- Design the right propositions for the right customers. Most companies are adept at traditional market research, segmentation and product design. But too few connect the dots between what they learn about customers and what they offer them. It's vital to convert those insights into truly differenti-

ated propositions that take into account the product features, the brand and a customer's experience with the company; and

- Focus on the entire customer experience. Recognise that customers perceive their interactions with your company very differently from the way you deliver them. They don't know or care about your departments, functions or process metrics. Delighting them requires seeing through their eyes, using new tools and techniques that focus on the total customer experience.

Deliver

- Deliver those propositions at the lowest possible system cost by focusing the entire company on them, from boardroom to frontline. When customers turn against companies, the fault lies as often in the delivery of offerings as in their design;
- Treat every customer interaction as a precious resource. The ultimate test of any company's delivery lies in what customers tell others. The best companies find ways to listen to the real voices of customers every day; and
- Create cross-functional teams involving employees from marketing to supply chain management and motivate them to deliver in a coordinated, seamless manner across the entire customer experience.

Develop

- Develop the capabilities to do it again and

again. Companies that consistently delight customers have organisations and cultures focused on building customer advocacy at every turn; and

- Ask customers one simple question: "How likely is it that you would recommend us to a friend or a colleague?" A one-question survey can be conducted often enough to provide chief executives and operating managers with granular, timely and accurate data. By subtracting the percentage of customers who are unhappy (scoring 0-6 out of 10) from the percentage who are loyal promoters (scoring 9 or 10), you can tally a Net Promoter Score, a single number as clear and actionable as profit or net worth.

A sign of the times: The new generation of marketing tools that address all of the three Ds — design, deliver and develop — isn't coming out of consumer goods companies. It's emerging from technology, telecoms and financial services — industries where the leaders have a multi-dimensional view of customers. Marketing directors in the 21st century will need to get bigger, better toolboxes if they want to stay on the job. **E**

Satish Shankar is a partner at Bain & Company Southeast Asia and leader in the firm's Consumer Products Practice. James Allen is a partner in London and leader of Bain & Company's Global Strategy Practice.