TODAY IS NOT ABOUT ANSWERS, BUT PERSPECTIVES...

image courtesy: http://www.flickr.com/photos/stuartslimp/3936066556/in/pool-crowded_multitude

ME.. IN 30 SECONDS

http://wimrampen.com
http://nl.linkedin.com/in/wimrampen
@wimrampen

WHAT IS CUSTOMER CENTRICITY?

woensdag 6 maart 13

CUSTOMER CENTRIC CULTURE

Map customer journey and lifecycle

Refine operating model to enable customer centricity

Incorporate customer feedback into processes and behaviours

Align technologies and processes to support and drive customer engagement

Measure change using key metrics

Engage executives and leaders

Transform culture top to bottom

Integrate disparate business unit cultures

Focus development around target areas and behaviour change
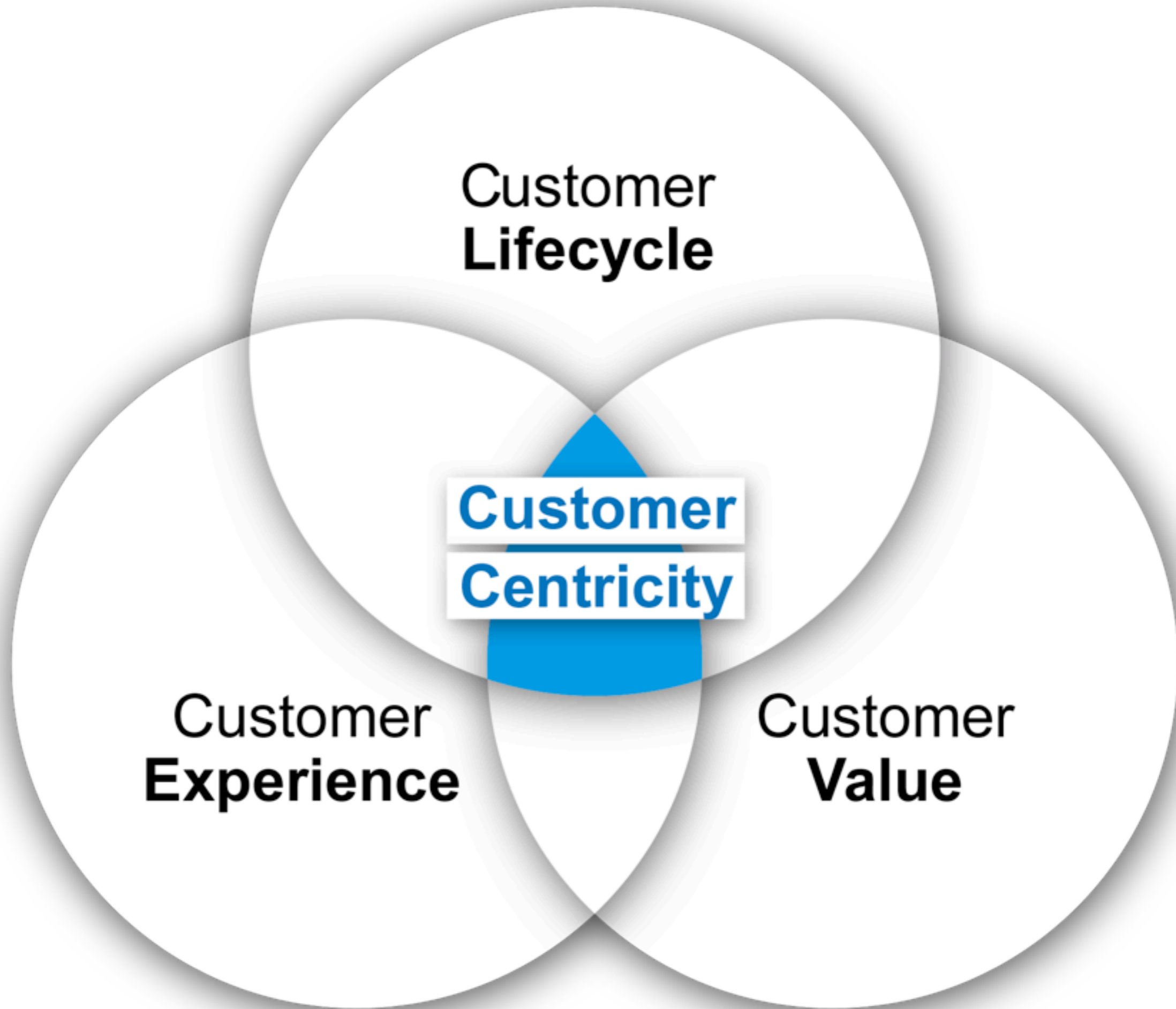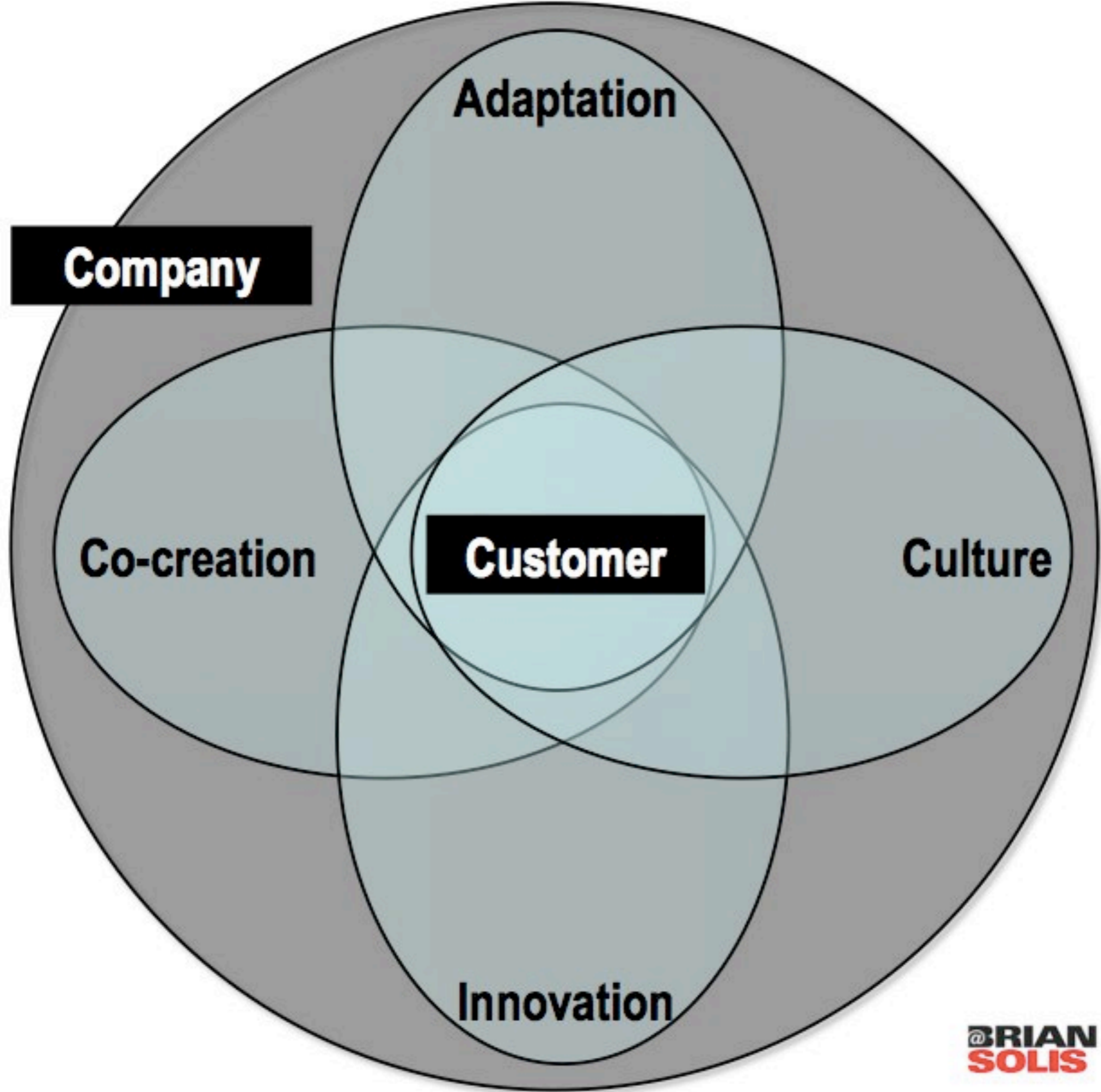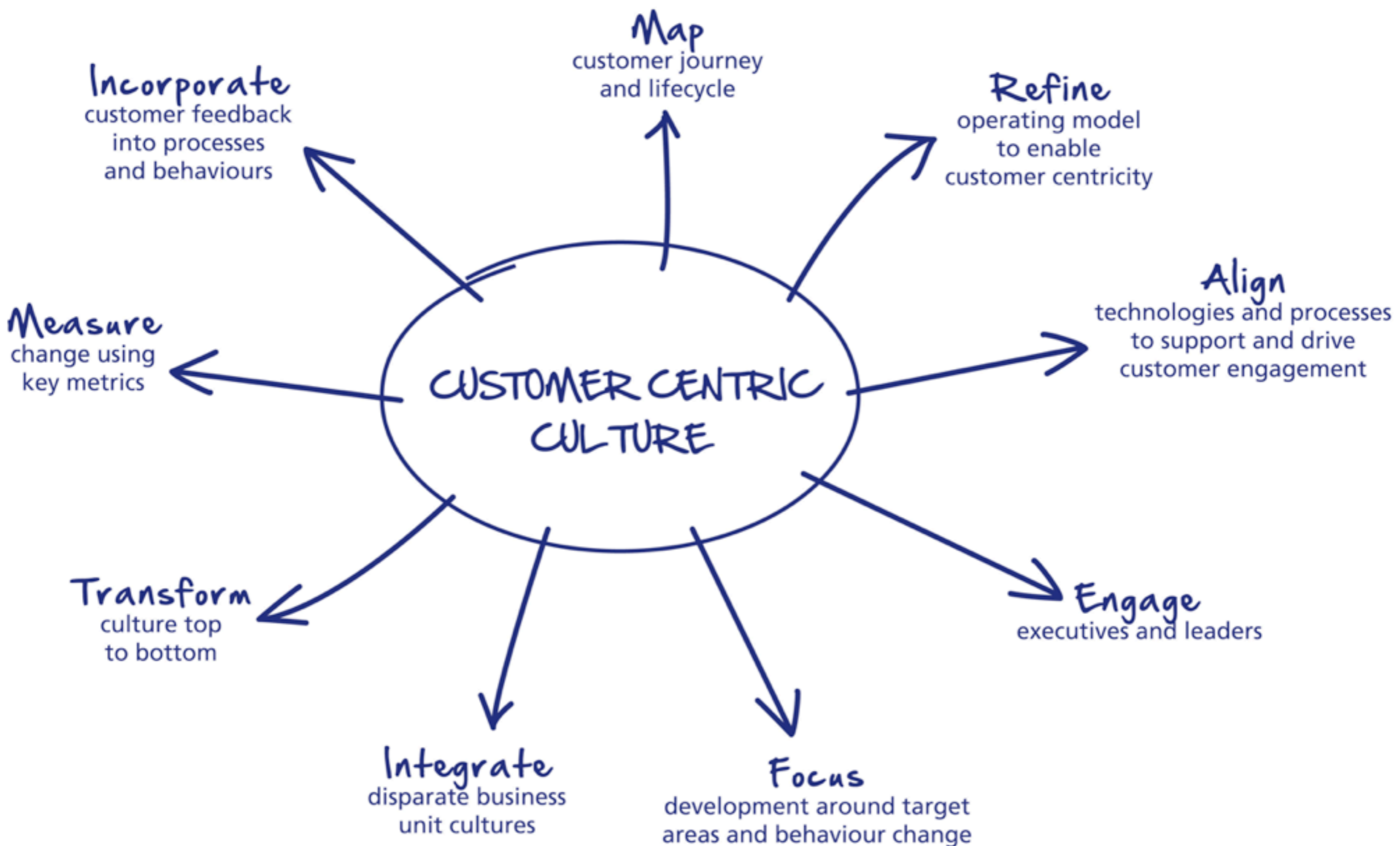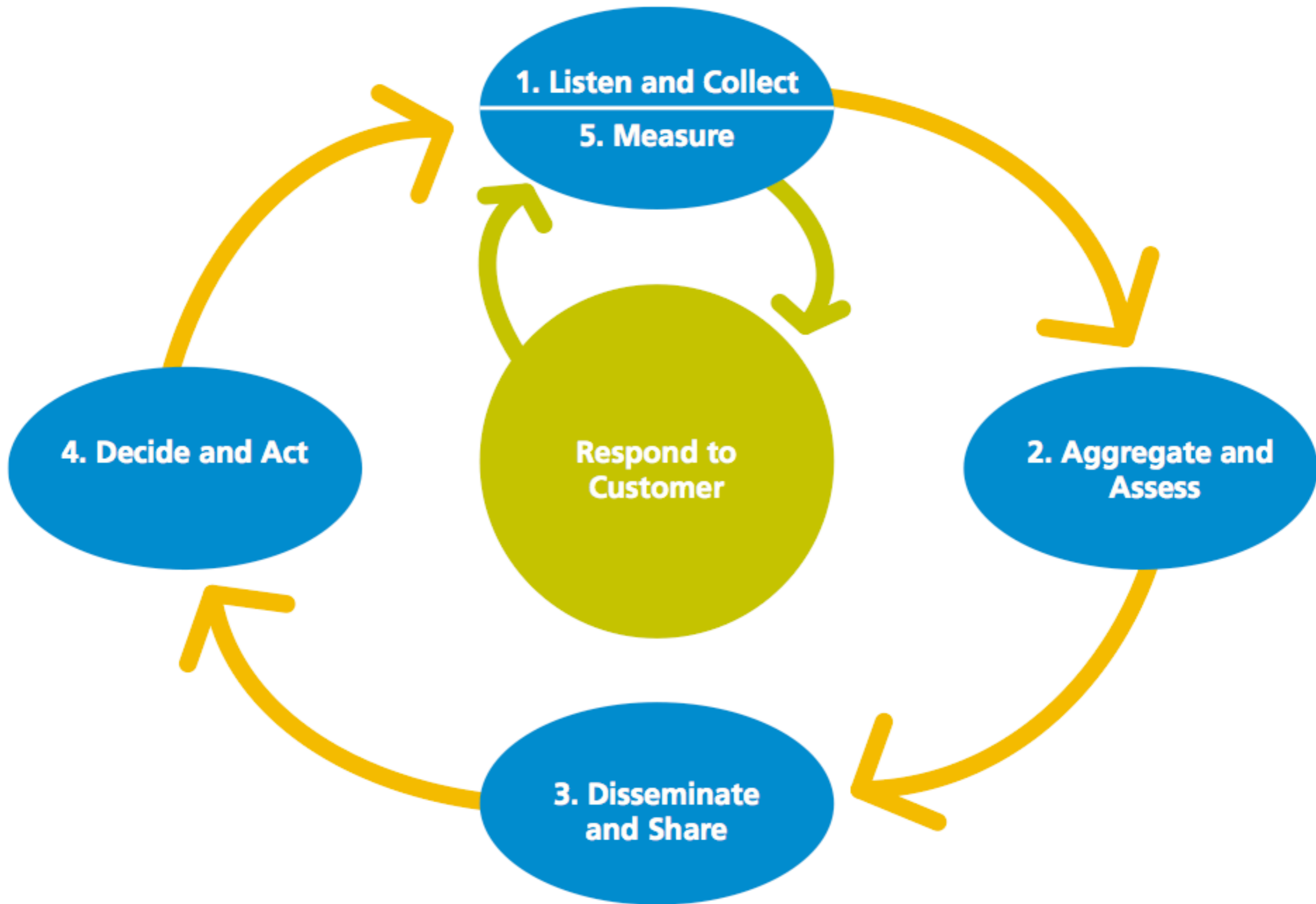
Introducing NPS—How leading firms transform ordinary customers into *promoters*

THE ULTIMATE QUESTION

PREDICTIVE POWER FOR REPURCHASING

HIGH

CES

NPS

The Customer Effort Score outperforms the Net Promoter Score and customer satisfaction measures in predicting behavior.

CSAT

LOW   HIGH

PREDICTIVE POWER FOR INCREASED SPENDING

ofits

wth
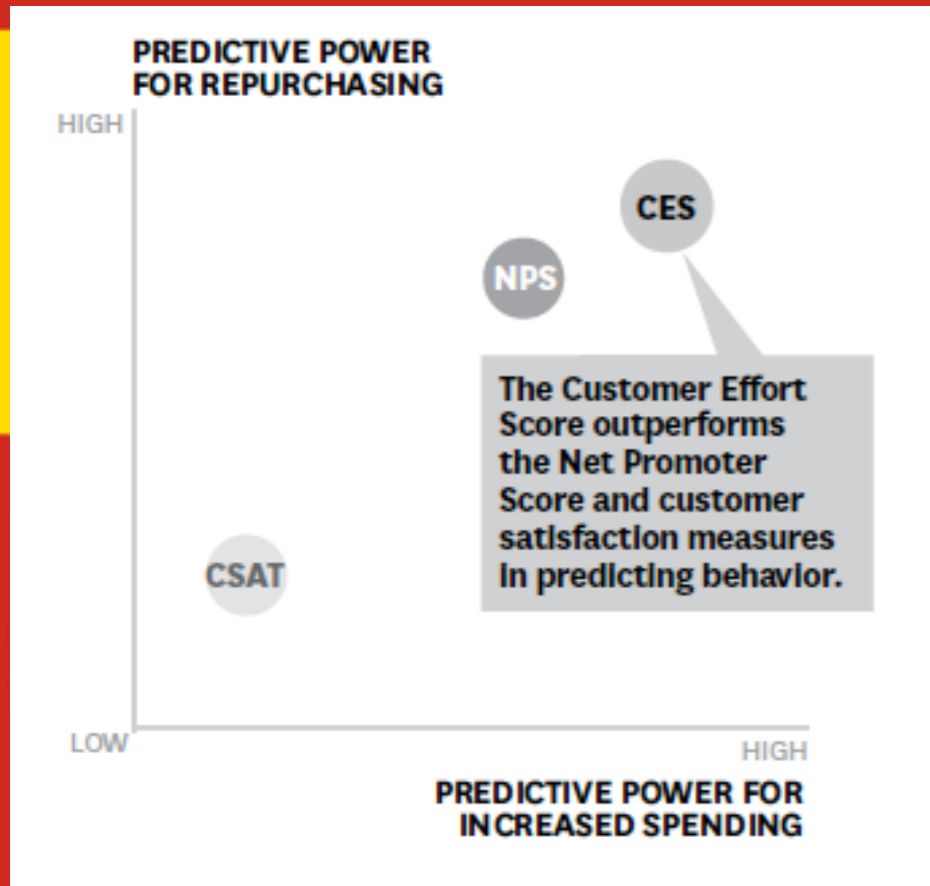
HELD

Revised and expanded edition of the **Wall Street Journal** Bestseller

THE ULTIMATE QUESTION 2.0

How **NET PROMOTER** Companies Thrive in a Customer-Driven World

FRED REICHHELD

Bestselling author of THE LOYALTY EFFECT

WITH ROB MARKEY

SO, WHAT IS CUSTOMER CENTRICITY ?

Customer centricity refers to the orientation of a company to the

needs

and behaviours of its customers, rather than internal drivers...

WHAT   ARE   CUSTOMER

NEEDS..

LET'S TALK VALUE..

Jaap Peters: "Wat is **kwaliteit** (waardecreatie) in een atoomwapenfabriek?"

Frank van den Driest: "**purpose**ful positioning"

Bas Meijerink: "Economische waarde vergroot verschillen. Universele **waarden** brengen die juist bij elkaar."

Paul Kloosterboer: "Waarde is de mate waarin je in **behoeften** voorziet."

René ten Bos: "**Bonitas** = goedheid, integriteit, morele voortreffelijkheid, aardigheid, vriendelijkheid, tederheid en welwillendheid" en draait om "**evenwicht** en compensatie"

Jeroen Busscher: "ervaren dat zijn waarde **uniek**; voor hem alleen gecreëerd is"

Jan de Vuijst: "Waarde zit in de ogen van de klant."

Steve Vargo & Bob Lush: "Value can only be defined by its beneficiary"

WAARDE? VOOR WIE?

WAARDE? VOOR WIE?

	Irritant Contact (For the Customer)	Valuable Contact (For the Customer)
Valuable Contact (For the Company)	• Reduce time and complexity of process	• More time handling emotional situations / moments of truth • Segmented service delivery • Delivering effective sales campaigns
Irritant Contact (For the Company)	• Eliminate unnecessary and repeated contacts	• Deliver more solutions for customers through self service

GOODS DOMINANT LOGIC:
value is created at the moment of exchange, after that, the Customer is on his own

value exchange: when money and ownership or rights change hands

image courtesy: http://www.flickr.com/photos/mithril/2764675971/
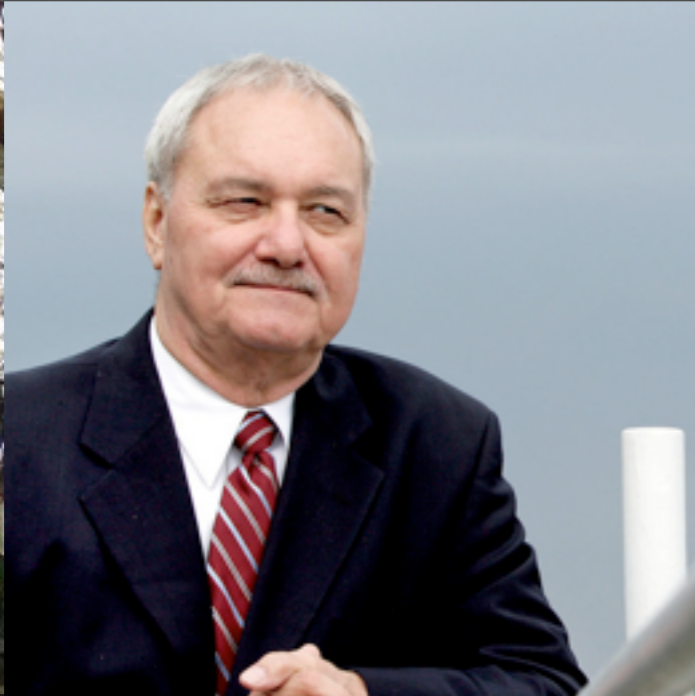
a service is

the application of
competences for
the benefit of
another party
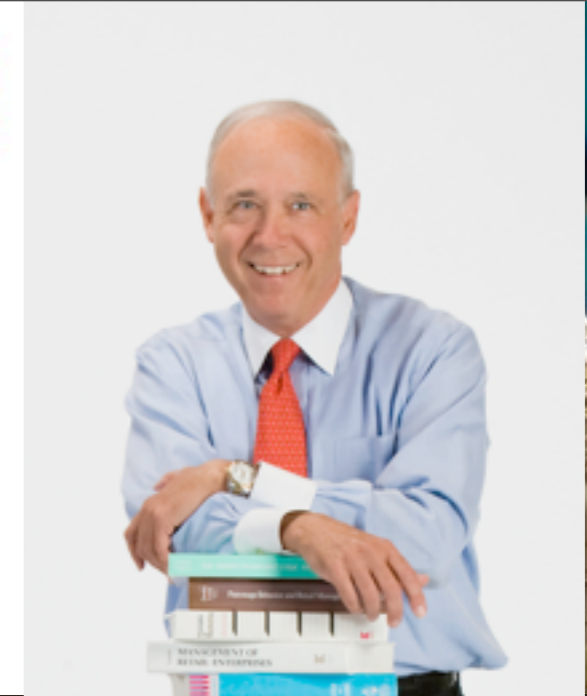
The new dominant logic:
SERVICE LOGIC

IS NOT ABOUT SERVICES

image courtesy: http://www.flickr.com/photos/ptrktn/3801479228/

WHO IS "RESPONSIBLE"?
WHO CREATES VALUE?

image courtesy: http://www.flickr.com/photos/yalcin_arsan/4055973255/in/pool-crowded_multitude

WHEN IS VALUE CREATED?

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VALUE'S BEST PROXY IS THE CUSTOMER'S JOB

Consider needs as metrics that customers use to measure how well they're executing the job-to-be-done.

Customers typically use between 50 and 150 metrics, called 'outcomes', to describe the successful execution of any job.
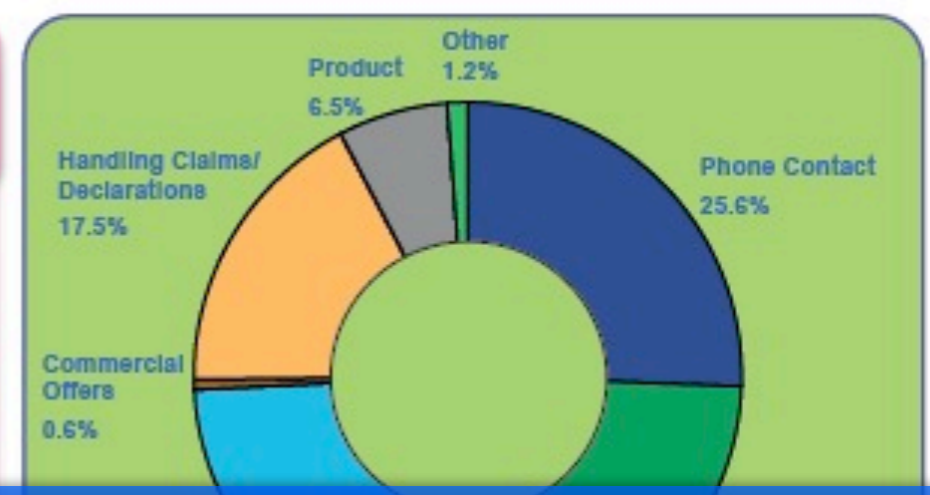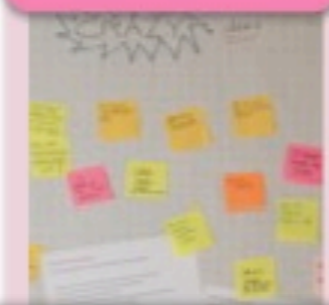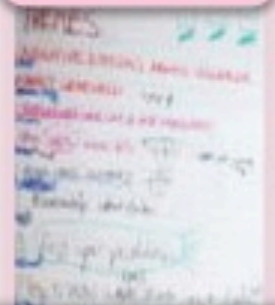
MAPPING THE CUSTOMER JOURNEY MAKES SENSE NOW
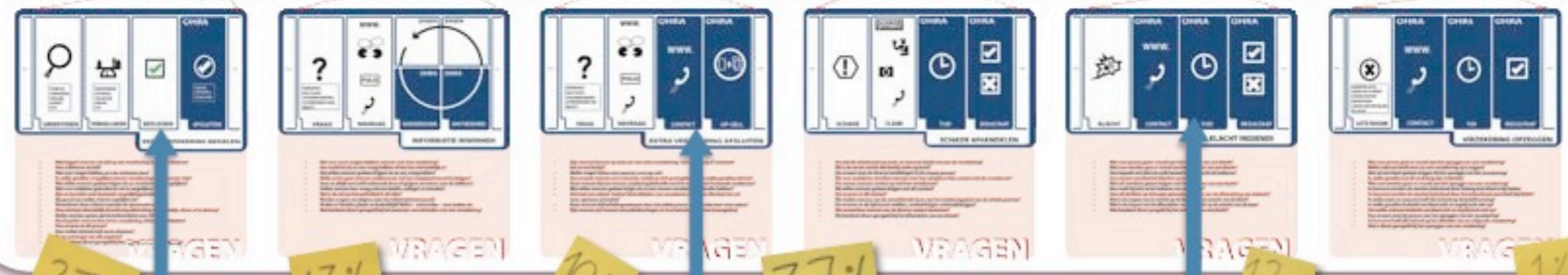
WHAT CHANNEL FOR WHAT CUSTOMER JOB?

Store/agent/dealer interactions

Consumer-driven marketing — Word-of-mouth / Online research / Offline and/or print reviews

Past experience

Company-driven marketing — Traditional advertising / Direct marketing / Sponsorship / In-store product experience / Salesperson contact

Initial-consideration set: 12, 21, 28, 39

Active evaluation: 26, 37, 10, 26

Closure: 43, 31, −5, 22
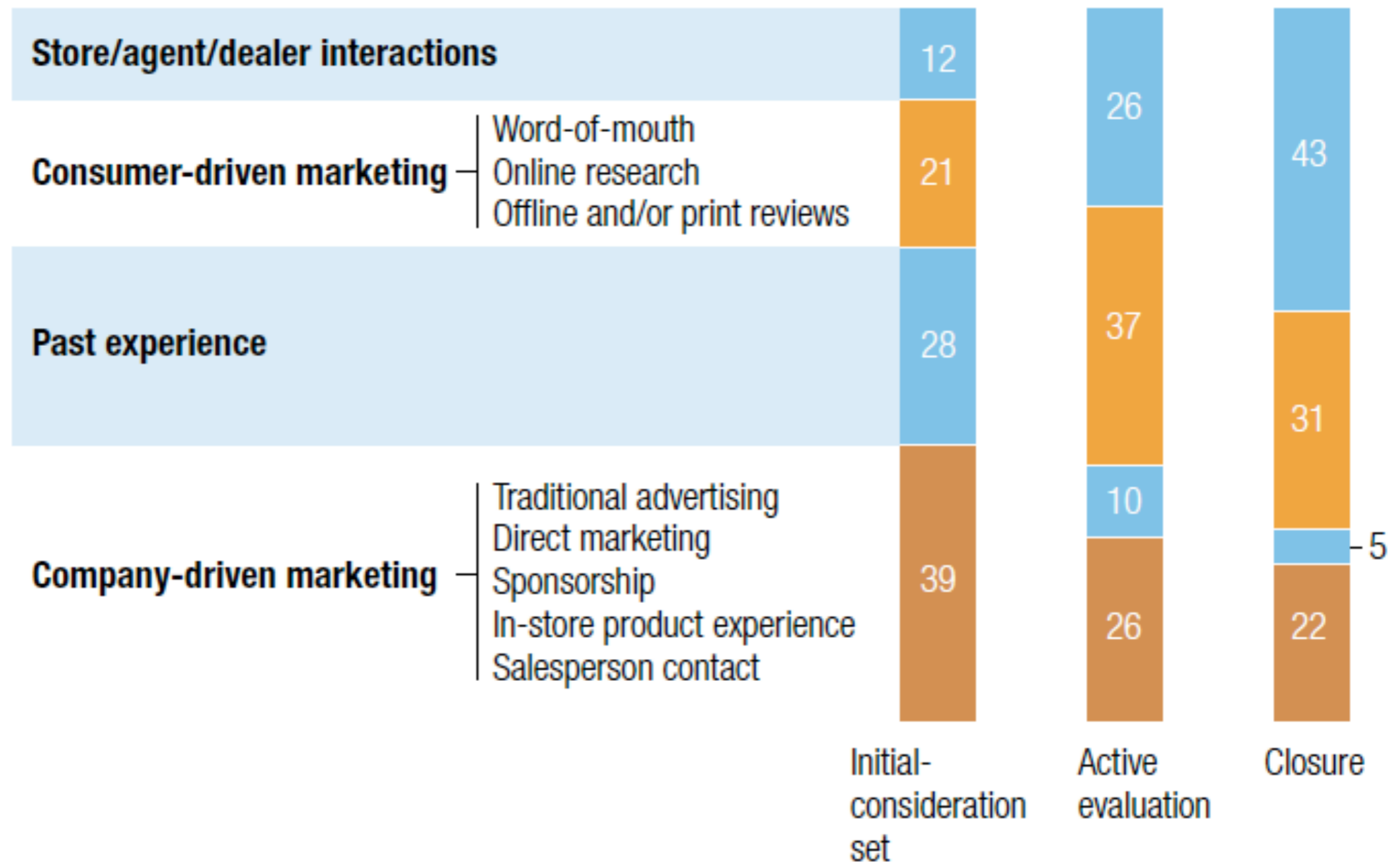
VALUE IS ALWAYS CO-CREATED?!

image courtesy: http://www.flickr.com/photos/cassandrasarmanho/4006047824/in/pool-crowded_multitude

EIGHT STYLES OF COMPANY-CUSTOMER VALUE CO-CREATION

PERSONALISED or UNIQUE CUSTOMER VALUE

Experience Environments

(8) Personalised Experience Value and Knowledge Co-Creation
IPOD, AMAZON (US), MEDTRONICS, JOHN DEERE, ON STAR

Value Creation In-Use (unique experiences)

(7) Real-Time Marketing & Service Adaptation
CONTACT CENTRE DIALOGUE, CEMEX and FED EX TRACKING SYSTEMS

(6) New Service Design
TELIASONERA, ALARIS MEDICAL SYSTEMS

WITHIN THE FIRM

(5) Open Community Ideation and Product Design and Development
COMPUTER GAMES MODS, LINUX, LEGO MINDSTORMS, FIRFOX, INNOCENTIVE

WITHIN MARKETS AND COMMUNITIES

(4) Mass Customisation
ADIDAS, DELL, CAR MANUFACTURERS

(2) New Product Design and Development (Lead User)
P&G, SILICON GRAPHICS, VOLVO XC90, HARLEY DAVIDSON, SATURN

LOCUS OF VALUE-CREATION

(3) Existing Product Adaptation (Customer Feedback)
SONY ANTENNA SHOPS, CISCO KNOWLEDGE CENTRE, MICROSOFT KNOWLEDGEBASE

(1) Product "Finishing"
IKEA

R&D

Value Creation Pre-Use (Fixed attribute products)

STANDARD CUSTOMER VALUE

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WHY IS THIS RELEVANT?

If value for the Customer is dominantly created after value exchange, i.e. IN USE, both scope and content of **MARKETING STRATEGIES SHOULD SHIFT** from dominantly focused on creating momentum for value exchange to a continuum of interactions aimed to support customers' value creation

A SHIFT FROM CAMPAIGN AND COMMUNICATION DESIGN TO SERVICE/ EXPERIENCE/ENGAGEMENT DESIGN, END TO END..

image courtesy: http://www.flickr.com/photos/seasonalp_____/8607760460/

DESIGN FOR INTERACTION

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The Business Model Canvas

Designed for:

Designed by:

On:

Iteration:

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

Value Propositions

What value do we deliver to the customer?

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Key Resources

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

THE SAME "PRODUCTION" PROCESS FOR ALL CUSTOMERS?

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CUSTOMER SEGMENTATION

image courtesy: http://www.flickr.com/photos/nycviarachel/507963159/

BY THEIR JOBS TO BE DONE

Temporary ties

150 Weak ties

10 Strong ties

College friends

Family

Surfing friends

New York friends

Travels well!

Eats well!

Closest two friends
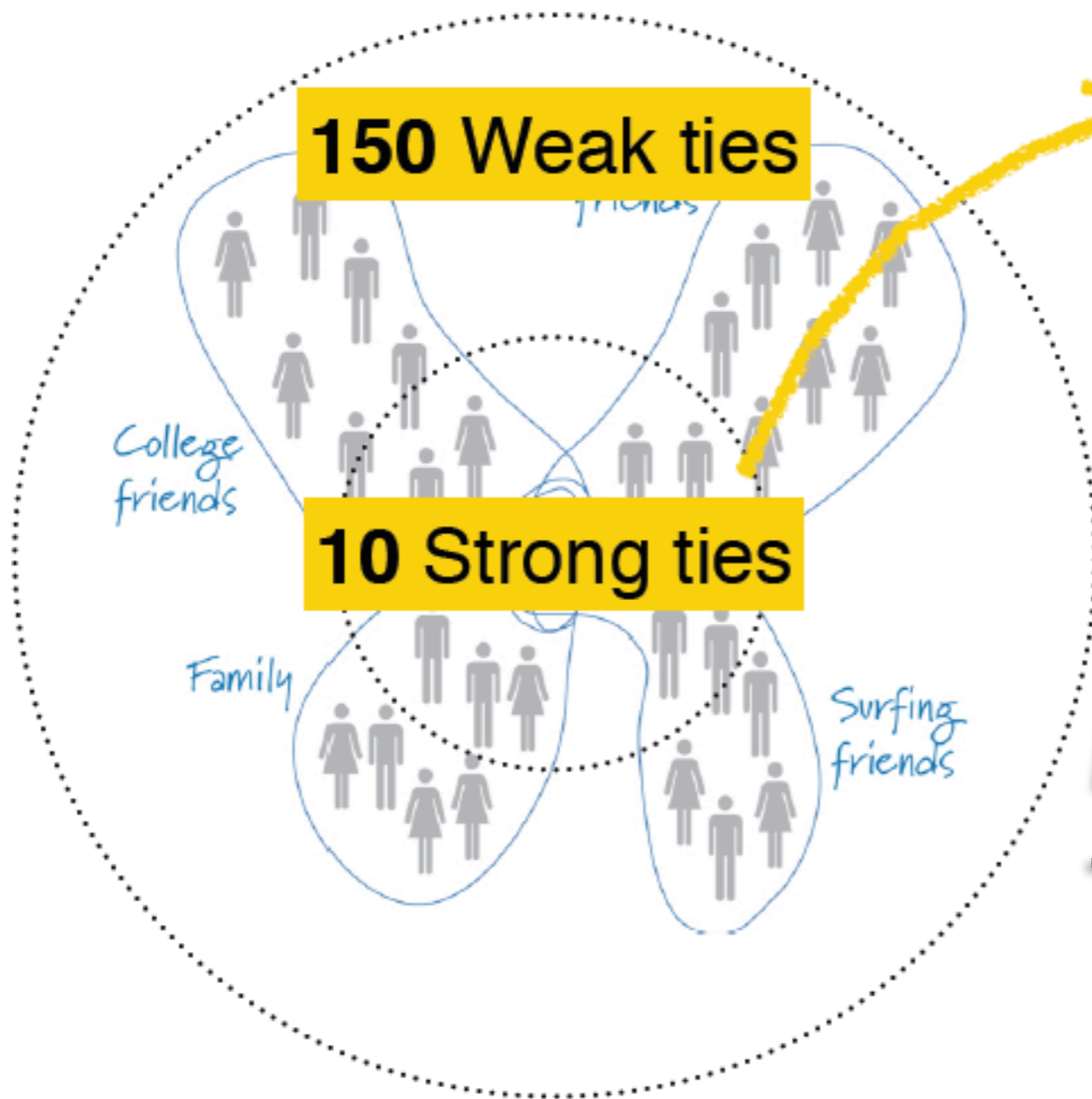
INFLUENCER MARKETING? TIE STRENGTH

Customer Lifetime Value Calculator

HARVARD BUSINESS SCHOOL PUBLISHING

WE NEED TO LOOK AT CUSTOMER VALUE (TO US) DIFFERENTLY

Inputs

Average Spend per Purchase: $ 250.00

Average Number of Purchases per Year: 5

Direct Marketing Costs per Customer per Year: $ 9.60

Average Gross Margin

Average Customer Retention Rate: 65 %

Annual Discount Rate: 10 %

Reset Inputs
- Sample Problem
- Zeros

	$	
Average Contribution before Mailing Costs per Customer per Year	$	100.00
One-time Acquisition Cost per Customer	$	480.00
Average Contribution per Purchase	$	100.00

○ Grid ◉ Chart

Profit per Customer vs Present Value

- ● Profit per Customer in Year
- ● Expected Present Value in Year
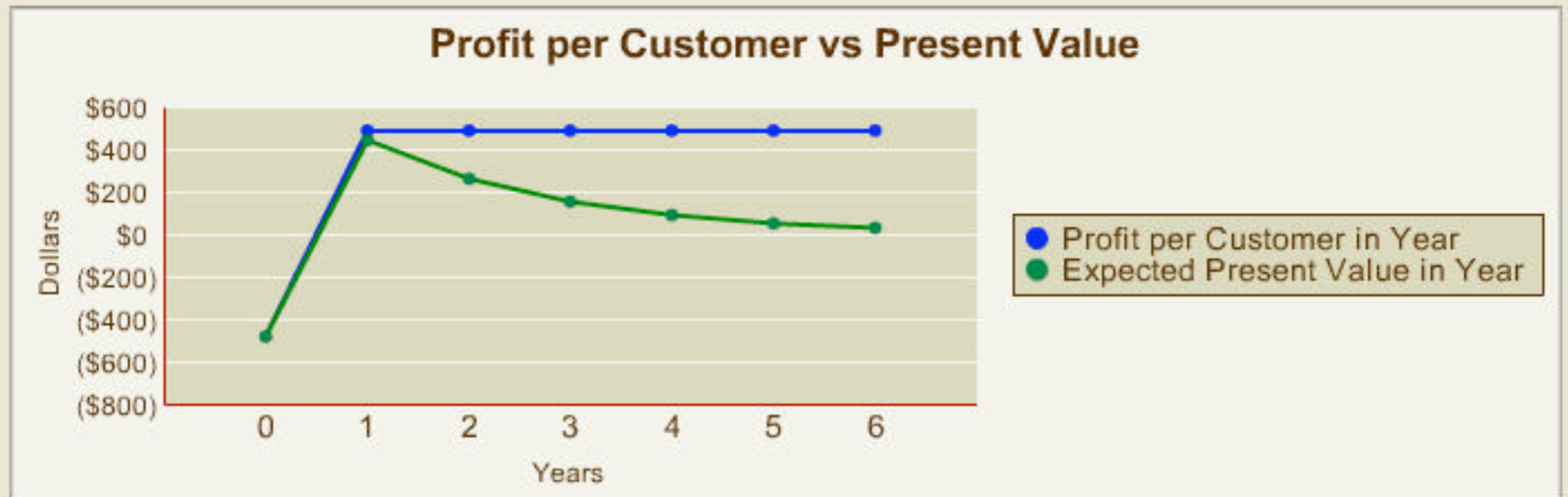
LIFETIME + REFERRAL + NETWORK + KNOWLEDGE VALUE = TOTAL CUSTOMER ENGAGEMENT VALUE

BTW.. > 80 % OF THE EXPERIENCE HAPPENS OUTSIDE OF THE FIRM'S CONTROL

VALUE CO-CREATION CANVAS

VALUE PROPOSITION

Because value is co-created in the experience, value is not something a company can offer. It's just something they can propose. And, since value is always defined by it's beneficiary, a value proposition is basically..

The Customer's perception of *the company's promise* of Customer value (in-use) to be created..

COMPANY CAPABILITIES

How the company creates and leverages understanding of Customer's desired outcomes, resources and Journey to *develop and use company resources in an orchestrated fashion* to improve Value co-created.

COMPANY RESOURCES

All (partner) resources leveraged by the company *to support Customers* in meeting their desired outcomes (e.g. products, channels, Customers! & employees)

CUSTOMER EXPERIENCE

The Customer Experience is NOT controlled by either party to the table. The Experience *is co-created* between the Customer and the Firm, *by integrating resources..*

Both "Total Customer engagement value" and "Customer value-in-use" are co-created (by Companies with Customers) *during the Customer Experience*

CUSTOMER'S JOURNEY

Sequence of events (over a lifetime of using the product and/or service) driven by the Customer and/or externally as part of the Customer's attempt *to meet her desired outcome*

CUSTOMER'S RESOURCES

Offered or own resources leveraged by the Customer on her journey (e.g. touch-points, channels, knowlegde & skills, social networks, etc).

CUSTOMER'S DESIRED OUTCOMES

The best proxy for Customer needs is the *functional, social and/or emotional outcomes* she desires. These goals highly depend on the context in which they exist or surface.

COMPANY "TOTAL CUSTOMER ENGAGEMENT" VALUE

The sum of Customer's Lifetime Value, Network Value, Referral Value and other intangible forms of value, such as Customer Feedback, Knowledge and Expertise..(as defined by V.Kumar et all)

CUSTOMER VALUE (IN-USE)

The Customer's perception of the realized outcome in comparison to the desired and expected outcome. Based on an emotional evaluation of her journey, *her context* and the effort required to get to the perceived state.

"Value is always defined by it's beneficiary"

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THANK YOU

LET'S START THE DEBATE

Leave a comment or contact me on Twitter: twitter.com/wimrampen