

KEEPING CUSTOMERS CLOSE:

CUSTOMER-CENTRICITY IN A RAPIDLY CHANGING WORLD





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FOREWORD



Simon Dennis
Partner at Gate One

I am delighted to share with you the findings of this report, “Keeping customers close: Customer-centricity in a rapidly changing world”.

The moment everything changed

At the beginning of 2020, the world was thrown into a period of turmoil. For many people, their home became their new office, school, restaurant, coffee shop and gym – almost overnight.

For businesses operating in B2C markets, there was a scramble to adapt and offer in-home delivery of products and services. The e-commerce share of US retail sales rose to 15.7% in the second quarter of 2020, up from 10.8% a year earlier. And in the second quarter of 2021, the share of e-commerce retail sales has remained well above pre-pandemic levels at 13.6%.¹

In the B2B space, a new way of communicating was required. By the end of 2020, almost 450,000 businesses with ten or more employees were Zoom customers — a staggering increase of 485% from the same time the previous year.²

Disruption to lifestyles and working practices have changed purchasing and consumption behaviour to an unprecedented extent – probably irreversibly, with the relationships between customers, brands and businesses changing beyond recognition.

A misalignment between customers and businesses

Even before the pandemic, the burning need for businesses to get closer to their customers was causing heated boardroom debates around the world. By now, those debates should have ratcheted up to deafening volumes.

Our findings show that there is a fundamental misalignment between customers and businesses on customer-centricity. As organisations determine their future visions and critical change priorities, the views of senior business decision-makers rarely coincide with those of their customers.

Bridging the gap

Resolving this misalignment is the very reason Gate One has arrived in the US.

It is no surprise that the customer-centricity gap is growing wider in a market where clients are generally underserved by the management consultancy profession. Our mission is to help our clients bridge this gap by delivering meaningful and sustainable organisational change. Gate One drives customer insights into action through highly tailored consultancy solutions that draw on the extensive capabilities within the Havas Group and Havas CX network, both of which are already well established in the US.

¹ Statista, E-commerce as share of total U.S. retail sales from 1st quarter 2010 to 2nd quarter 2021, October 2021

² Nasdaq, [If You Bought \\$10,000 of Zoom Stock at the Beginning of 2020, Here's How Much You'd Have Today](#), December 2020

Key takeaways from our report

- Digital channels have become the main route to customers in many markets, but not universally; optimising business growth will depend on the use of omnichannel strategies (digital first, not digital only).
- As customer expectations have risen, simple, fast, straightforward and intuitive experiences have become a hygiene factor rather than a differentiator in acquiring new customers and retaining existing ones.
- Companies are reassessing their core brand purpose as more and more customers expect brands to make them feel part of something bigger and connect people around common causes or beliefs.

The market landscape: Regulatory and legislative business drivers

Alongside changing customer demands and desires, we are seeing tectonic shifts as government and regulatory bodies adapt to the macro-issues of our time. In the US, the issues at the forefront include the following.

- **Standardised climate change disclosures:** In recent years, investors and external stakeholders have imposed growing pressure on US public companies to disclose their environmental, social and governance risks, practices and impacts. These requirements are just the first step in the regulatory tidal wave, with disclosure requirements on biodiversity, workforce diversity and political spending likely to follow.
- **Data privacy:** While there is no all-encompassing law that governs data privacy in the US, the existing patchwork does regulate telecommunications, health information, credit information, financial institutions and marketing. Several US states are making efforts to follow in the footsteps of the EU's GDPR. To date, only California has been successful, introducing robust state-level data legislation in 2018. Since then, 25 states have introduced equivalent data privacy bills.

Adapting to a permanent change in customer habits

The behaviour shifts we're witnessing today are not a blip, rather a much more permanent change in habits. Consequently, there is a need to adjust how we deliver experiences for customers in a sustainable way. As societies and businesses emerge from the seismic impact of the pandemic, an 'experience renaissance' is afoot that is galvanising companies to push beyond customer experience and truly organise the whole business around the delivery of exceptional experiences.

Informed by the findings of this report, Gate One has adopted a clear strategy to help our clients address these challenges by building more agile business models capable of anticipating rapidly shifting customer expectations. Are you ready to embrace the opportunity to make genuine customer-centricity a reality?

”

A fundamental misalignment exists between customers and businesses on customer-centricity. As businesses determine their critical priorities and visions of success, the views of senior business decision-makers do not always coincide with those of their customers.”

EXECUTIVE SUMMARY

Corporate priorities

CUSTOMERS ARE AT THE TOP OF THE CORPORATE AGENDA, BUT ARE BALANCED AGAINST COMPETING ENDEAVOURS SUCH AS TECHNOLOGICAL INNOVATION AND THE SHIFTING MACRO LANDSCAPE

1 WHEN ASKED WHAT THEY SEE AS KEY VALUE DRIVERS FOR SUCCESS, BUSINESS LEADERS MOST READILY IDENTIFY CUSTOMER-LED METRICS



43%
CUSTOMER
EXPERIENCE



37%
SERVICE



37%
SATISFACTION

THESE CUSTOMER-RELATED FACTORS OVERSHADOW FINANCIAL NEEDS SUCH AS:



22%
GREATER
PROFITS

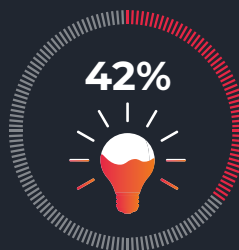


20%
GROWING
REVENUE



16%
MARKET
SHARE

2 TECHNOLOGICAL INNOVATION IS THE MOST IDENTIFIED DRIVER OF TRANSFORMATION WITHIN BUSINESSES



38%

TWO IN FIVE BUSINESSES IDENTIFY BUILDING BUSINESS AGILITY AND ADAPTING TO CHANGING CONSUMER BEHAVIOURS AS BEING IMPORTANT DRIVERS OF TRANSFORMATION

3 WHEN CONSIDERING STRATEGIC PROJECTS, INVESTMENT IS MORE GEARED TOWARDS MACRO ISSUES, WITH THE TOP THREE PRIORITIES BEING:

SUSTAINABILITY

TALENT
MANAGEMENT

DIVERSITY, EQUITY
AND INCLUSION



46%



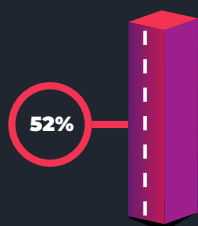
44%



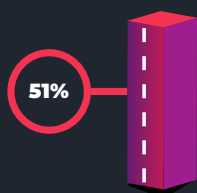
39%

Defining customer-centricity

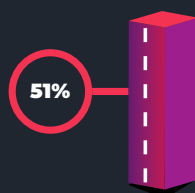
THE MAJORITY OF BUSINESS LEADERS READILY IDENTIFY THE HALLMARKS OF CUSTOMER-CENTRICITY, THOUGH NOT OVERWHELMINGLY. BUT WHEN IT COMES TO UNDERSTANDING OF CONSUMER EXPECTATIONS, THERE IS A MISMATCH BETWEEN C-SUITE AND CONSUMER



MOST BUSINESSES DEFINE CUSTOMER-CENTRICITY AS BEING **THE DESIGN OF PRODUCTS AND SERVICES AROUND CUSTOMER NEEDS**



THE **NEED FOR CUSTOMERS TO INFORM ALL ASPECTS OF THE ORGANISATION** FROM OPERATING MODEL TO THE PROVISION OF GOODS AND SERVICES



AND THE NEED FOR **FRICTIONLESS CUSTOMER EXPERIENCE**

MOST IMPORTANT FACTORS IDENTIFIED BY CONSUMERS ARE THE QUALITY OF GOODS AND SERVICES AND BEST VALUE ON THE MARKET. YET BUSINESS LEADER RESPONDENTS ONLY RANKED THESE AS THE FOURTH AND EIGHTH SINGLE MOST IMPORTANT FACTORS FOR THEIR CUSTOMERS. CONSUMER PREFERENCE ALSO REVEALS A TENSION BETWEEN PURPOSE AND CONVENIENCE



30%

QUALITY OF GOODS
AND SERVICES



16%

BEST VALUE ON
THE MARKET

Operationalising customer-centricity

EFFECTIVELY BUILDING CUSTOMER-CENTRICITY IS DEPENDENT ON STRUCTURE, EFFECTIVE USE OF DATA, THE RIGHT PEOPLE AND COMMUNICATING THE RIGHT MESSAGE IN THE RIGHT PLACES

1 TWO IN FIVE BUSINESSES IDENTIFY RECRUITMENT POLICIES AND STAFF HIRING AS THE MAIN WAY IN WHICH THEY OPERATIONALISE CUSTOMER-CENTRICITY, FOLLOWED BY ADDRESSING CUSTOMER FEEDBACK AND ORGANISATIONAL STRUCTURE



40%

RECRUITMENT
POLICIES



38%

CUSTOMER
FEEDBACK



34%

ORGANISATIONAL
STRUCTURE

2 IN THE BROADEST SENSE, OPERATIONALISING CUSTOMER-CENTRICITY COMES DOWN TO FOUR KEY SUB-AREAS:

ORGANISATIONAL AND
CHANNEL DESIGN

**\$641
BILLION**

SPENDING ON
CUSTOMER EXPERIENCE
TECHNOLOGIES IS
PREDICTED TO REACH
\$641 GLOBALLY IN 2022

MEASUREMENT, METRICS,
DATA CAPTURE



84% OF
BUSINESSES
COLLECT MORE
DATA IN REAL
TIME THAN
EVER BEFORE

86% OF BUSINESSES
NOW USE MANY
MORE SOURCES OF
INFORMATION AND
DATA THAN EVER
BEFORE

RECRUITMENT AND TALENT
MANAGEMENT



46% OF BUSINESSES
HAVE INCENTIVISATION
STRUCTURES BASED
ON PERFORMANCE
AGAINST CUSTOMER
OUTCOMES

EFFECTIVE
COMMUNICATION



47% OF BUSINESSES
COMMUNICATE THEIR
COMMITMENT TO
CUSTOMER-CENTRICITY
THROUGH SOCIAL MEDIA

Key challenges and opportunities

THE PURSUIT OF CUSTOMER-CENTRICITY YIELDS IMPORTANT BENEFITS FOR BUSINESSES, BUT ALSO COMES WITH DISTINCT RISKS AND CHALLENGES, IN PARTICULAR DATA PROTECTION AND BEING DIGITAL-FIRST RATHER THAN DIGITAL ONLY

1 CONSUMERS ARE MOST CONCERNED ABOUT:



ENSURING DATA PROTECTION
MORE THAN THREE IN FIVE
CONSUMERS ARE EXTREMELY
CONCERNED ABOUT THE DATA
THAT COMPANIES THEY USE
HOLD ABOUT THEM



**ADDRESSING THE NEEDS OF
VULNERABLE CUSTOMERS** 51%
OF CONSUMERS FEEL THAT THE
PANDEMIC HAS MADE IT HARDER
TO BUY GOODS AND SERVICES
OFFLINE, WHILE 68% FEEL THAT
DIGITAL TECHNOLOGY HAS MEANT
THAT VULNERABLE CUSTOMER
GROUPS ARE BEING LEFT BEHIND
AS A RESULT



OVER-RELIANCE ON TECHNOLOGY:
BUSINESSES WILL NEED TO
CONSIDER THE OPTIMAL OUTCOME
BETWEEN DIGITAL-ONLY STRATEGIES
WHICH TARGET DIGITALLY ENABLED
CUSTOMER GROUPS VERSUS MULTI-
CHANNEL STRATEGIES WHICH
ACCOMMODATE ALL GROUPS

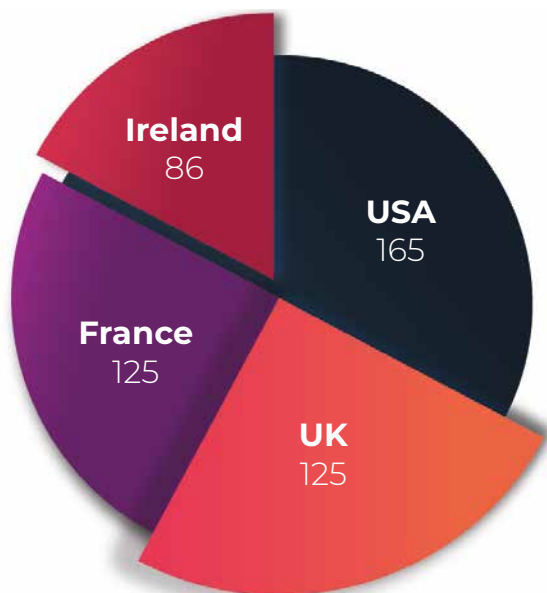
2 BUSINESSES HAVE A
CLEAR VISION OF WHAT
CAN BE ACHIEVED
THROUGH DELIVERING ON
CUSTOMER EXPERIENCE.
COLLECTIVELY BUSINESSES
IN BOTH B2C AND B2B
MARKETS IDENTIFY
IMPROVED CLIENT OR
CUSTOMER STICKINESS
AS THE KEY REWARD,
FOLLOWED BY RENEWED
INNOVATION IN PRODUCTS
AND SERVICES AND
GREATER BRAND LOYALTY

METHODOLOGY

The findings contained in this report are based on research comprised of:

501

Businesses



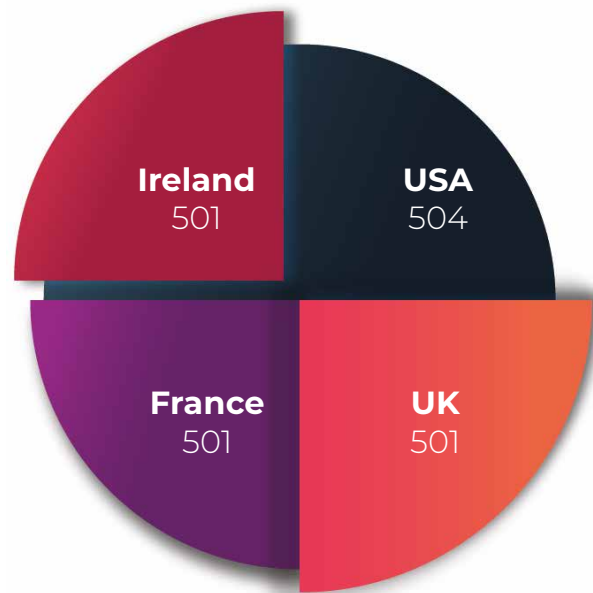
Within each market there is an even split of C-suite (partner/board member) and C-1 personnel (director/VP reports directly to a member of the board). Interviews were conducted 3rd – 13th August 2021 via an online survey.

Businesses are from a cross-industry audience, including:

- commerce (wholesale and retail trades)
- FMCG / food, drink, tobacco
- pharmaceuticals and life sciences
- public sector³
- financial services
- energy and utilities

2007

Consumers



In parallel to the business survey, 2007 consumers were surveyed across the UK, France, Ireland and the USA. Fieldwork was conducted to ensure a nationally representative sample within each of the four countries based on age and gender. Interviews were conducted 3rd – 13th August 2021 via an online survey.

In addition to the quantitative survey, a series of in-depth interviews were conducted with business leaders. The outputs from the in-depth interviews are represented in case studies throughout this report.

Part 1

Resetting corporate strategies



PLACING CUSTOMERS AT THE CORE

Many businesses set out to put the customer at the centre of everything they do. Very few do so successfully.

Obsession with the customer is by no means a new phenomenon. The customer agenda has been evolving over the past few decades, with businesses becoming increasingly aware of the need to understand and adapt to customers' ever-shifting demands. In 2020, a gradual shift became a sudden leap. Overnight, the pandemic changed the way businesses interact with consumers and reoriented their priorities. The event shed light on some critical service gaps, leaving companies in a rush to cater to unprecedented demands and expectations.

The transformed global environment has heightened the need for companies to improve their receptivity and responsiveness to external changes by becoming truly customer-centric.

The capacity of a business and its people to understand the customer in their entirety is the hallmark of customer-centricity. This includes the personal circumstances the customer (or end service-user) finds themselves in, their daily experiences and most importantly, their needs and expectations.

TRUE CUSTOMER-CENTRICITY PUTS THE CUSTOMER AT THE CORE OF ALL ORGANISATIONAL DECISIONS RELATING TO THE DELIVERY OF PRODUCTS AND SERVICES.

Differentiating customer-centricity and customer experience

Customer-centricity can often be misunderstood, have different interpretations (even within the same organisation), or simply be used as a buzzword. The concept of customer-centricity is also regularly conflated with customer experience. Many businesses believe that being customer-centric simply means providing a good customer experience. However, for companies to be able to achieve true customer-centricity, understanding the distinction between the two terms is essential.

- Customer experience refers purely to the customers' touch points with the business; the impression the customer has of the brand or business at each interaction point along the customer journey. Some businesses have dedicated customer experience functions that are responsible for delivering the most seamless, satisfactory experience for customers.
- Customer-centricity is broader and refers to a cross-organisational approach, entailing a range of internal actions that focus on putting the customer at the core of all decisions relating to the delivery of products and services.

In other words, customer-centricity is the overarching commitment to the customer and ensuring their needs and desires are fulfilled to the greatest possible extent. In that sense, customer experience is only a sub-set of – and a way to effectively operationalise – customer-centricity. But importantly, many customer-centric activities can occur outside the view of end customers and may not even reach the awareness of the customer. Such behind-the-scenes efforts include changing the organisational structure to be able to expand customer experience capabilities or improving data analytics to gain the most accurate possible understanding of customers' expectations.

THE RISE OF THE DIGITAL CUSTOMER

The fourth industrial revolution was already in full swing, but the pandemic drove two years' worth of digital transformation in the space of just two months.

Long before the pandemic emerged, new technology was already forging what has been referred to as a fourth industrial revolution: machine learning, cloud computing, data analytics, and mobile and social platforms all bring businesses closer to their customers, allowing businesses to become more agile and responsive in meeting needs. Many businesses are trying to keep up by investing heavily in digital transformation programmes with new operating models aligned to a clear digital strategy which places the customer at the heart of the business model.

The adoption of digital technology represents a major opportunity: it allows businesses to gather much greater volumes of data about customers to gain deeper insights into what they want and expect. To maximise this opportunity, businesses must digitise their own value chain but also invest in new ways to understand the wider digital ecosystem as customers become more active on a wide range of social channels such as Twitter, Facebook, Instagram, TikTok and LinkedIn. Engaging with customers via social media is even more of a priority for businesses now that

social platforms (particularly Instagram) are increasingly functioning as direct sales channels.

KNOWING YOUR CUSTOMER, AND KEEPING THEM CLOSE, HAS NEVER BEEN EASIER – IF YOU INVEST IN THE RIGHT TECHNOLOGY.

Our consumer research findings demonstrate that badly executed digital innovation on websites, apps, social channels and chatrooms, represents a major headache for customers, which can damage trust.

Customer-centricity and digital technology

In a world where digital technology is rapidly changing the business landscape, it can become increasingly difficult to stay close to customers and to fully understand their changing needs. Digital transformation is pushing business leaders not only to

rebuild their value chain but also to think fundamentally about how they serve their customers and operate in a more customer-centric way. The threats and opportunities arising from technology have quickly crystallised during the global pandemic, which has accelerated the rate of digital change. The economy experienced two years' worth of digital transformation in the space of just two months at the start of the pandemic in March 2020, as businesses were forced to adapt to social distancing, and remote living and working patterns.⁴ While the pandemic will eventually pass, the digital behaviour change is likely to become permanent as digital working, online services, cashless payments and digital wallets become the new normal. Agility is now a key attribute as the pace of change speeds up. In practical terms, this creates pressure on businesses to reset their strategies and to rethink how they address rapidly changing customer needs. In our 2020 report, we delved into the topic of organisational agility and explored why operating model transformation is a key pillar of successful business performance in complex and dynamic environments.





New opportunities for agile challengers

When executed well, this same technology is enabling innovation in products and services to deliver new products more cost effectively, quicker, and more conveniently. In many instances, technology has already enabled new market entrants to disrupt the status quo, forcing incumbents to adopt a more customer-centric mindset. The research findings reveal a high customer appetite to access everyday goods and services online such as banking, travel and hospitality. Less frequent and higher-value purchases, such as buying a home or car, are still largely done offline. But they are set to experience a rapid shift towards online activity as new market entrants such as Cinch and Kazoo shake up the traditional marketplace.

Technology as a barrier to customer closeness

Not all technological change automatically enhances customer-centricity. Digital platforms, such as price comparison websites and aggregators, have driven the rise of the gig economy, enabling small firms to access client markets more easily, leading to a rapid growth in business start-

ups and self-employment. But such platforms can mean businesses, large and small, potentially become disintermediated from their clients, as the platforms hoover up client information and 'own' the client relationship, often at the expense of the service provider. For some businesses, technology could become a key barrier to customer closeness.

Being digital first, but not digital only

While technology provides huge benefits to both consumers and businesses, it can also exclude certain groups such as those lacking digital devices, skills or confidence. This is particularly the case for those in less advantaged socio-economic groups. The pandemic exposed digital poverty, with education moving from physical to online classrooms, many families did not have the devices or data required to ensure their child could continue their education. To this end, businesses must be wary of digital-only strategies.

ESG savvy customers

Younger generations are driving a trend towards environmental, social and governance (ESG) factors which prioritise social impact and good corporate citizenship. Sustainability is set to become a key driver in building long-term client relationships. Research conducted in 28 countries in 2020 revealed that 80% of households would be happier if people consumed goods and services which were sourced in a more sustainable way, with companies coming under increasing consumer pressure to reduce waste, reduce carbon miles and reduce the use of plastics.⁵ We see this process happening more quickly in emerging markets where population age profiles skew towards the millennial generation.⁶

That said, our findings reveal that there is still a tension in the minds of consumers between convenience and sustainability. What customers say and what they currently do are not necessarily in sync. For many consumers, notions of social purpose and sustainability within their purchase decisions are not fully formed, and to this end are more of a nice-to-have rather than a must-have.

⁵ Cicero/amo, [The great COVID reset: How has COVID shifted views on sustainability and climate change?](#), 2021

⁶ Architas, [ESG investing: A global investor study](#), 2021

The changing shape of public services

The changes outlined above are not just reshaping the private sector but are also leading to new and innovative ways of delivering traditional public services. In response to the pandemic, government, education and healthcare providers have all migrated rapidly to new digital channels to reach clients and service users. Remote learning has become a feature of primary and secondary education for the first time, with millions of children experiencing home-schooling. Remote healthcare has seen a sharp rise in telehealth services, as GPs and hospital consultants have been forced to make use of telephone and videoconferencing as a means of ensuring that patients can continue to access healthcare services without exposing them to COVID-19. Some of these changes will be temporary, but many others, such as remote hospital consultations and online GP surgeries, may well become permanent and widespread changes.

Sector response: customer-driven priorities

Because of these changes, the way businesses think about their relationship with end clients or service users is evolving. Notably, there has been an expansion of investment in customer experience teams and a growth in the number of chief customer officers (CCOs) among leading businesses. Nearly nine in ten businesses now have a CCO charged with the responsibility of giving customers a voice in the boardroom.

That said, the last 18 months has heightened the need for businesses to think and act in a way that places the customer firmly at the centre of everything a business does. Unless the whole organisational value chain is designed in a way that fully understands the changing needs of customers, then some – if not all – of those private sector businesses that fail to make this transition are at increased risk of being left behind by the competition.

WITHIN THE PUBLIC
SECTOR, THERE IS THE
RISK OF FAILING TO MEET
THE NEEDS OF PUBLIC
SERVICE USERS AND
DIMINISHING VALUE FOR
MONEY FOR TAXPAYERS.

Part 2

Aligning business strategy with customer expectations



UNDERSTANDING THE **DRIVERS OF SUCCESS**

Today's business leaders view customer experience and satisfaction as having greater strategic importance than financial metrics like their bottom line.

OUR SURVEY OF 501
BUSINESSES REVEALS
A CONSENSUS ACROSS
ALL SECTORS THAT
MAKING CUSTOMERS
A TOP PRIORITY IS AN
INTEGRAL ELEMENT OF A
SUCCESSFUL BUSINESS
STRATEGY.

Rather than focusing purely on financial metrics like quarterly sales figures and annual revenues, businesses are looking at customer feedback as a measure of business value.

Business leaders are aware that the ability to anticipate evolving customer needs and expectations, and incorporate those insights into business strategy, product design and operations, enhances customer loyalty and helps to guarantee sustainable business performance over the long run.

However, our research shows that there are sectoral differences regarding the extent to which businesses have embraced customer-centricity. It is also worth noting that business leaders' eagerness to cite customer-related factors as key value drivers for success may well be a reflection of their aspirations, rather than proof that their current business model is built on this mindset. Mundane issues such as the need to address cost pressures often prevent companies from turning their ambition of becoming more customer-centric into reality.

KEY FINDINGS

WHEN ASKED WHAT THEY SEE AS KEY VALUE DRIVERS FOR SUCCESS, BUSINESS LEADERS MOST READILY IDENTIFY CUSTOMER-LED METRICS



43%

CUSTOMER EXPERIENCE



37%

SATISFACTION



35%

QUALITY OF PRODUCT OFFERING

THESE CUSTOMER-RELATED FACTORS OVERSHADOW FINANCIAL NEEDS SUCH AS:



22%

GREATER PROFITS



20%

GROWING REVENUE



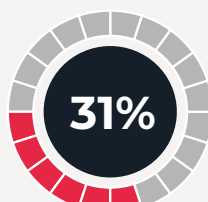
16%

MARKET SHARE

CUSTOMER-CENTRICITY VARIES ACROSS THE DIFFERENT INDUSTRIES REPRESENTED IN OUR SURVEY

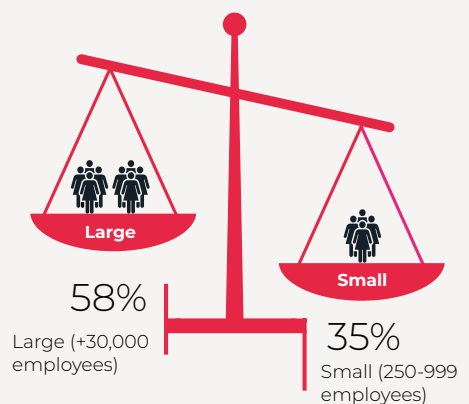


FMCG COMPANIES CONSIDER CUSTOMER EXPERIENCE AS A KEY VALUE DRIVER FOR SUCCESS



THIS FALLS TO 31% IN THE PUBLIC SECTOR, WHICH OFTEN OPERATES IN A LESS COMPETITIVE ENVIRONMENT

SMALLER BUSINESSES ARE FAR LESS LIKELY THAN LARGER BUSINESSES TO CITE QUALITY OF CUSTOMER SERVICE AND SATISFACTION AS A DRIVERS OF SUCCESS FOR THEIR BUSINESS

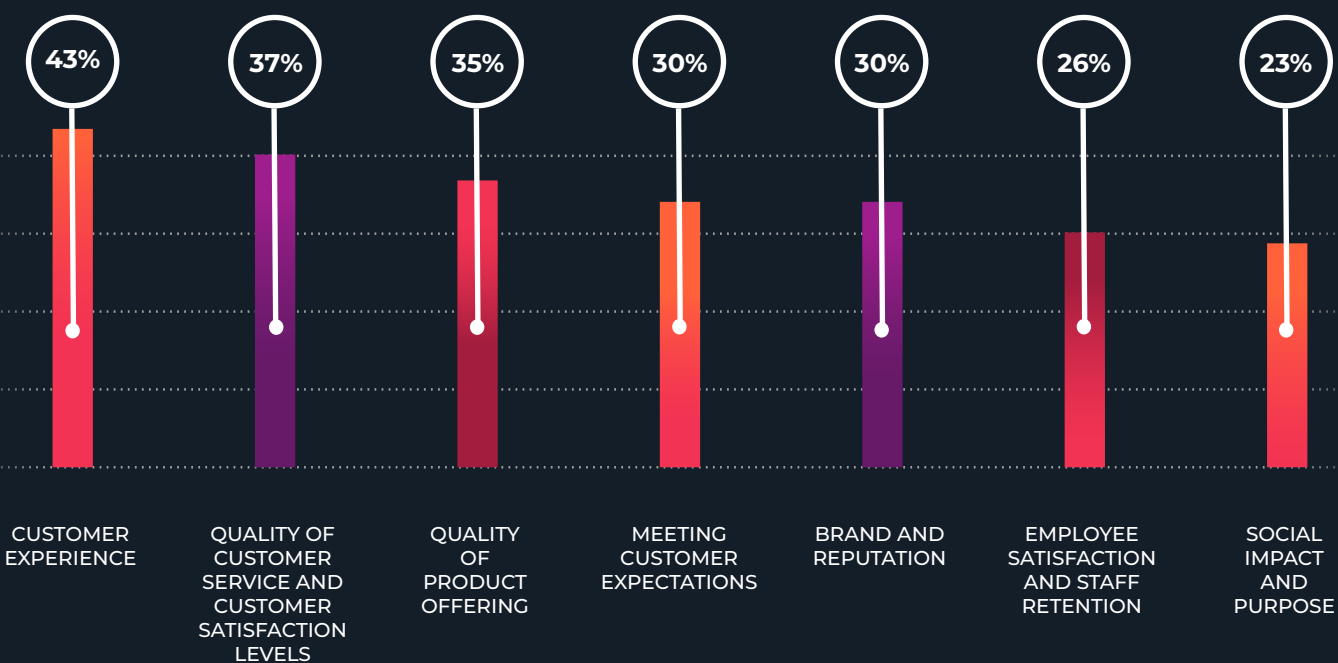


BRAND REPUTATION

30%

OVERALL, BRAND AND REPUTATION ALSO RANK LOWER THAN CUSTOMER-RELATED FACTORS

WHAT ARE YOUR ORGANISATION'S KEY VALUE DRIVERS FOR SUCCESS?



CASE STUDY

Keeping an ear to the ground at 38,000 feet

Client insight: Sophie Dekkers
Chief Commercial Officer, easyJet



Overseeing network and planning, scheduling, commercial and digital, Sophie Dekkers is responsible for ensuring that innovation across all areas of easyJet's business is driven by a customer first mindset. Reflecting on her 14-year journey supporting the airline to grow into a leader in the aviation industry, Sophie shares her insight on what it takes to create a truly customer-centric business strategy in a digital age.

A culture of customer obsession

Providing an easy and seamless experience for customers is what easyJet stands out for within the aviation industry. As an organisation, we foster a culture of customer obsession. Beyond our customer team, we also have a network of customer champions sitting across different areas of the business, who are responsible for making sure we apply a customer lens to all our decisions – whether it is about scheduling, in-flight experience, or accessibility. With the disruptions caused by the pandemic over the last 18 months, making our customers feel truly taken care of has been our number one priority as we developed our flexible ticket scheme and generous refund policy.

Working towards digital first

A key element of our customer strategy is to gradually digitise the entire end-to-end journey. In order to achieve this, we are embarking on a challenge to rebuild our commercial platform and significantly improve the functionality of our back-end systems. We want customers using our app to feel as though easyJet was holding their hand all the way from curb to plane and back again. However, we recognise that there are different levels of confidence among customers when it comes to using digital technology. It is truly important for us to cater for all our customers, so transitioning to digital first will certainly not mean digital only.

Using data to create tailored experiences

Finding a way to unlock the potential in the data we collect is one of the biggest challenges we are facing. The fact that our data is sitting in multiple databases is an enormous untapped opportunity. By re-platforming it onto one system, we will be able to effectively leverage data for customer segmentation — and that is going to be a real game changer for us as a business. Smarter segmentation will enable us to offer all customers a much more personalised experience. Of course, becoming more data-driven means that we need to double down on our data security efforts. Data protection has without a doubt been our main investment area because we need to get this right before we can even think about innovation in other business areas.

Back to our disruptive roots

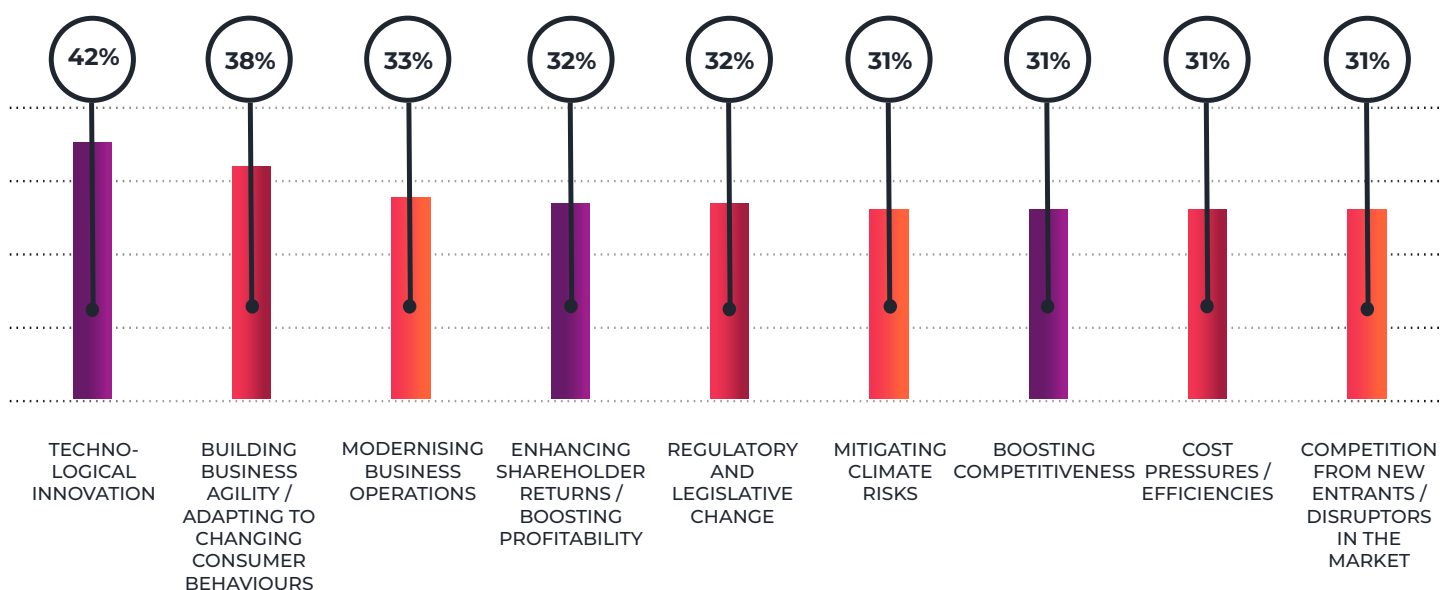
While we have been fortunate enough to achieve substantial business growth over the last decade, I think the next step for easyJet is to switch back to our original disruptor mindset. The way forward lies in observing what today's up-and-coming brands are getting right and learning from other industries. We are also launching a new Innovation hub where we invite thoughts from everyone – from crew members to those sitting in our head office – to help us come up with the next great idea in aviation. But above all, the voice we need to listen to the most carefully is that of the customer. easyJet Community, which I set up 13 years ago, has since become an online panel of thousands of customers across Europe. Not only does it offer a platform for customers to share their experiences, but it also gives us the opportunity to test new ideas and ensure we use customer feedback in a meaningful way to inform our wider strategy.

TRANSFORMING BUSINESSES TO MEET CHANGING CUSTOMER NEEDS

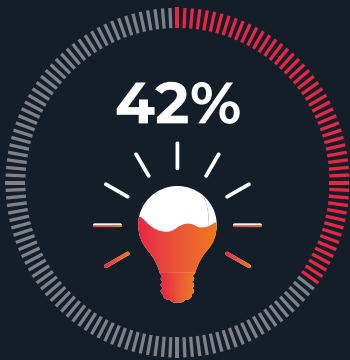
BUSINESS LEADERS
KNOW THAT THE ROAD
TO SUCCESS INVOLVES
KEEPING CUSTOMERS
HAPPY.

Companies that focus on understanding customers' unique needs and providing a seamless experience are on the right track towards building a solid base of repeat customers. Paying closer attention to the voice of the customer also helps businesses identify the areas where they need to develop the products or services they offer. Since the beginning of 2020, the COVID-19 pandemic has accelerated the pace at which customers' expectations and preferences are changing. To keep up with these evolving demands, businesses need to adjust their organisational structure, operations and strategic priorities.

WHAT ARE THE KEY DRIVERS OF TRANSFORMATION IN YOUR ORGANISATION?

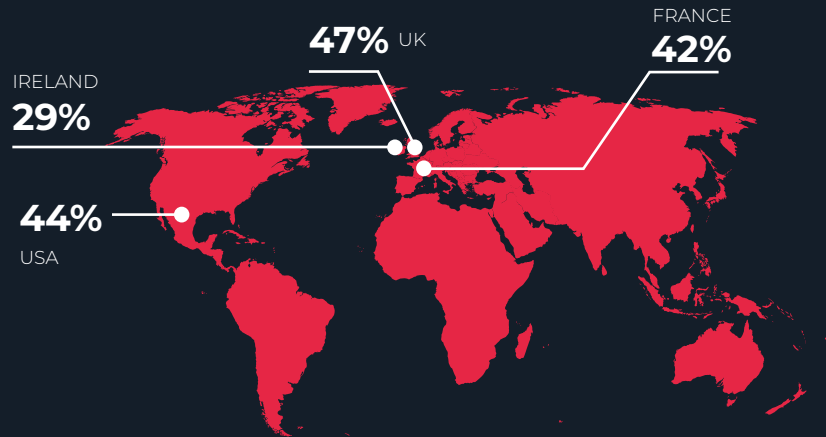


KEY FINDINGS



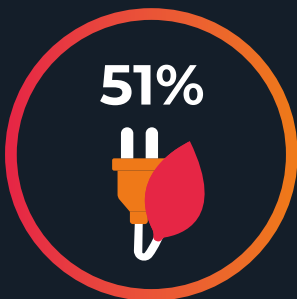
TECHNOLOGICAL INNOVATION IS THE MOST IDENTIFIED DRIVER OF TRANSFORMATION WITHIN BUSINESSES

BUSINESSES MOST LIKELY TO INVEST IN TECHNOLOGICAL INNOVATION

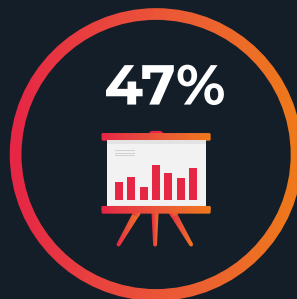


BUSINESS LEADERS IN THE ENERGY AND UTILITIES SECTOR AND FINANCIAL SERVICES ARE MOST LIKELY TO CITE TECHNOLOGICAL INNOVATION AS A KEY DRIVER OF TRANSFORMATION

UTILITIES SECTOR



FINANCIAL SERVICES



BUSINESS AGILITY AND ADAPTING TO CHANGING CONSUMER BEHAVIOURS ARE SEEN AS IMPORTANT DRIVERS OF TRANSFORMATION

FINANCIAL SERVICES



PHARMA COMPANIES



PUBLIC SECTOR



ONE OF THE TOP THREE DRIVERS OF TRANSFORMATION IS...

33%

MODERNISING
BUSINESS
OPERATIONS



THERE IS A CLEAR DIFFERENCE IN PRIORITIES BETWEEN THE PUBLIC AND PRIVATE SECTOR

45%
MITIGATE
CLIMATE RISKS



39%
ADDRESS COST
PRESSURES



29%
MITIGATE
CLIMATE RISKS



37%
ADDRESS COST
PRESSURES

PUTTING CUSTOMERS AT **THE HEART OF BUSINESS INVESTMENT STRATEGY**

We have seen that businesses are increasingly embracing customer-centric approaches to measuring success and are going through transformation in a number of areas in response to changing customer behaviours. But are companies channelling investment in line with this customer focus?

OVERALL, SUSTAINABILITY
COMES OUT AS THE TOP
STRATEGIC PROJECT IN WHICH
BUSINESSES ACROSS SECTORS
ARE CURRENTLY INVESTING.

Over the past decade, growing concerns over the impact of climate change have led to increasing pressure on companies by stakeholders to prioritise climate de-risking, reducing emissions and achieving net-zero emissions targets. As well as being better for the planet, by investing in sustainability, businesses can also capitalise on better brand reputation and deepen client relationships.

KEY FINDINGS

FINANCIAL SERVICES COMPANIES ARE MOST LIKELY TO STATE THEY ARE INVESTING IN SUSTAINABILITY



MORE THAN HALF OF LARGE BUSINESSES ARE CURRENTLY INVESTING IN SUSTAINABILITY-RELATED PROJECTS

LARGE BUSINESSES

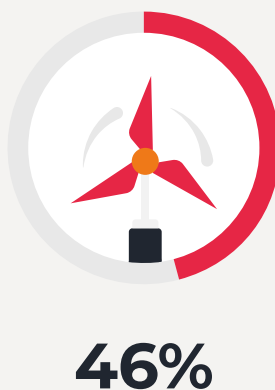


SMALL BUSINESSES



OUR RESEARCH FINDINGS SHOW THAT INVESTMENT IS MORE GEARED TOWARDS MACRO-ISSUES, WITH THE TOP THREE PRIORITIES BEING:

SUSTAINABILITY



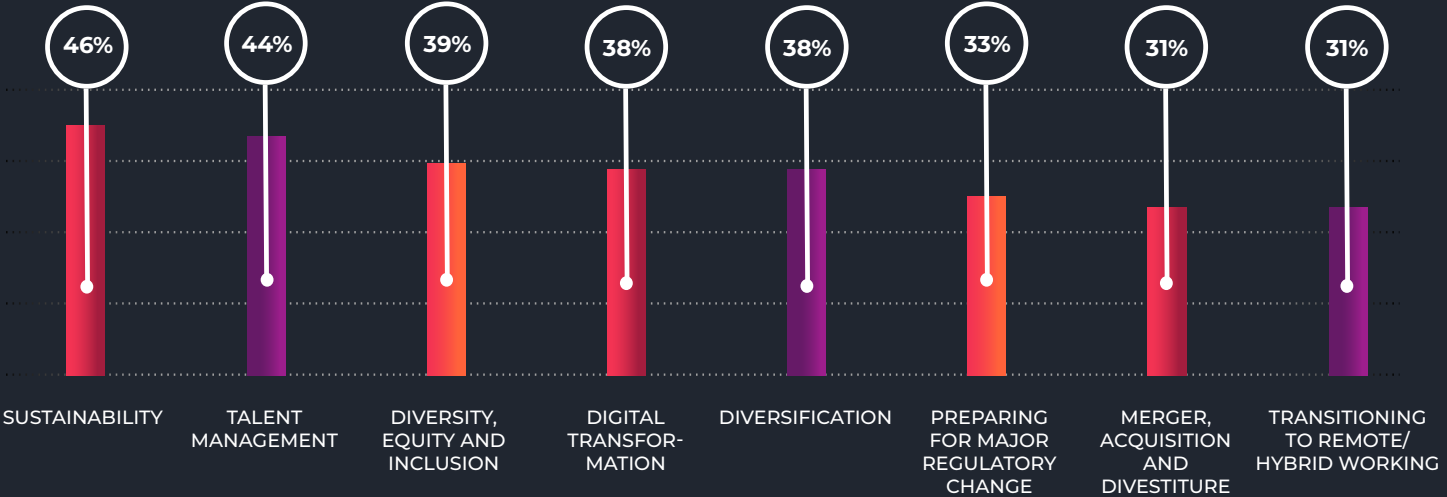
TALENT MANAGEMENT



DIVERSITY, EQUITY AND INCLUSION



WHAT STRATEGIC PROJECTS ARE YOU CURRENTLY INVESTING IN?



Part 3

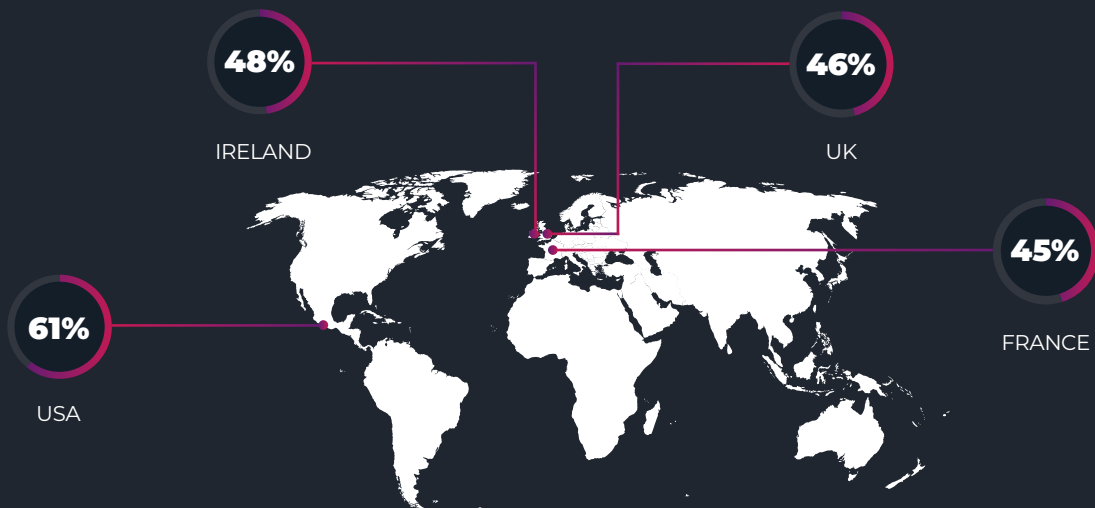
Defining customer-centricity



KEY FINDINGS

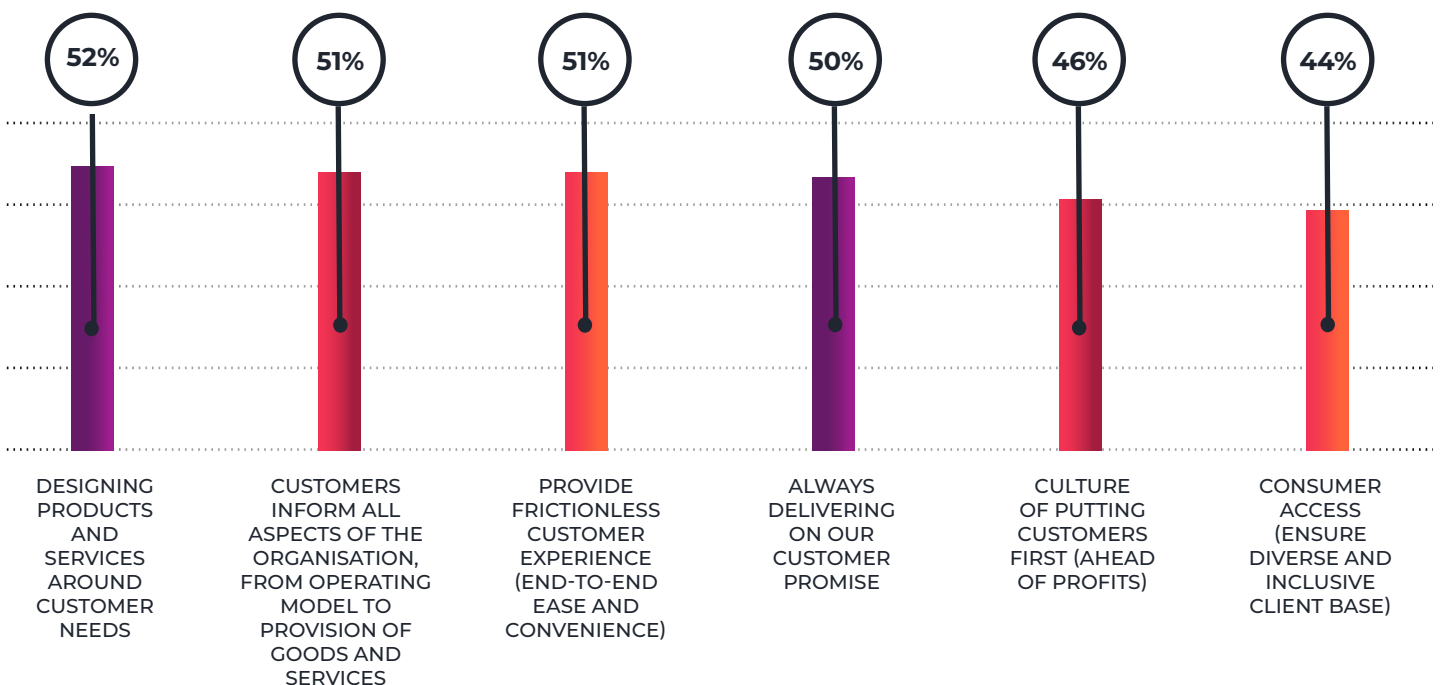


BUSINESSES IN THE USA ARE MOST LIKELY TO DEFINE CUSTOMER-CENTRICITY AS THE PROVISION OF FRICTIONLESS CUSTOMER EXPERIENCE. THE FIGURE IS FAR LOWER IN IRELAND, THE UK AND FRANCE



The majority of business leaders readily identify the features of true customer-centricity, though not overwhelmingly. Understanding is greatest within the American business community and within consumer facing sectors such as FMCG, food, drink and tobacco.

HOW DO YOU DEFINE CUSTOMER-CENTRICITY IN YOUR ORGANISATION?



Despite public sector entities lagging in their understanding of customer-centricity compared to private sector businesses, there has been a notable step-change in recent years. Government-funded organisations have placed newfound emphasis on delivering excellent end-user experience. As Carolyn Colvin, former acting commissioner of the US Social Security Administration (SSA), describes:

"The way I see it, our customers don't have a choice when it comes to obtaining our services. They can't go to a competitor if we are not performing well, so we have an even greater responsibility than does the private sector to provide a great experience for our customers."⁷

In the private sector, senior business leaders identify the benefits of customer-centricity as increased customer loyalty or 'stickiness', which equates with better customer retention, higher revenues and greater profitability. However, the profitability of long-term clients may differ depending on whether the business or public organisation operates in a B2B or B2C setting.

In the public sector, the motivation to become more customer-centric may often be lacking (because of the absence of competition). Indeed, many of our survey findings show that public sector leaders have been slow to adapt to new technology or customer-centricity. Where they have adapted to these pressures, it is often driven by a desire to fulfil equitable service delivery and a more efficient use of public money.

⁷ McKinsey & Company, [Building a long-term customer-experience vision at the Social Security Administration](#), 2017 Interview

THE MISMATCH BETWEEN **CUSTOMER EXPECTATIONS** **AND BUSINESS STRATEGY**

When attempting to define the hallmarks of customer-centricity, our research finds a major misalignment between what consumers expect and what businesses think consumers expect.

Businesses and consumers both align on the view that seamless customer experience is a top three expectation of customers when using a company. However, consumers prioritise quality of goods and services and best value as their top two expectations of a company. In contrast, businesses perceive operational elements such as the provision of good and services online or product innovation as being the other top expectations customers have.

The implications of this mismatch are undoubtedly significant. While it is perhaps understandable, in the context of the last 18 months, that leaders in the business community identify provision of goods and services online as the single greatest expectation of customers, it is important that businesses find the correct balance between being digital first and digital only. There is also a clear tension between what consumers want in terms of quality of goods, price and experience compared with the overarching purpose and activity of a business. Just 4% of consumers stated that a business' commitment to the environment and sustainability was most important to them.

KEY FINDINGS

WHEN ASKED TO DEFINE THE TOP FEATURE CUSTOMERS EXPECT FROM AN ORGANISATION THEY USE, BUSINESS LEADERS IDENTIFIED THE FOLLOWING TOP THREE



1.

PROVISION OF GOODS
AND SERVICES ONLINE



2.

SEAMLESS CUSTOMER
EXPERIENCE



3.

PRODUCT INNOVATION

IN CONTRAST, CONSUMERS IDENTIFY A DIFFERENT TOP THREE, EXPOSING A CHASM BETWEEN C-SUITE AND CONSUMER



1.

QUALITY OF GOODS /
SERVICES



2.

BEST VALUE ON THE
MARKET



3.

SEAMLESS CUSTOMER
EXPERIENCE

DEFINING GOOD AND BAD CUSTOMER EXPERIENCES

Consumers have deep-felt pet peeves, but also identify and appreciate good customer experience.

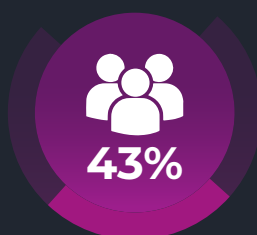
Keeping promises and commitments (18%) is the single most important feature of good customer experience; knowledgeable staff and friendly staff also resonate with consumers when they are asked to recall a recent good experience. This is a clear demonstration that despite advancements in digital provision of services, the human touch is central to what many consumers perceive as good customer experience. That said, there does seem to be a turning tide among different generations of consumers.

Twice as many consumers aged 55+ (18%) consider the ease at which they can contact a real person as the single most important element of good service compared with 9% of those aged 18-34. This generational shift points towards the benefits of a multi-channel approach in those retail markets where the customer segments can often span quite broad demographics.

The top three overall causes of consumer annoyance



HOLD TIMES ON CALLS



POORLY TRAINED
STAFF



UNRESPONSIVENESS

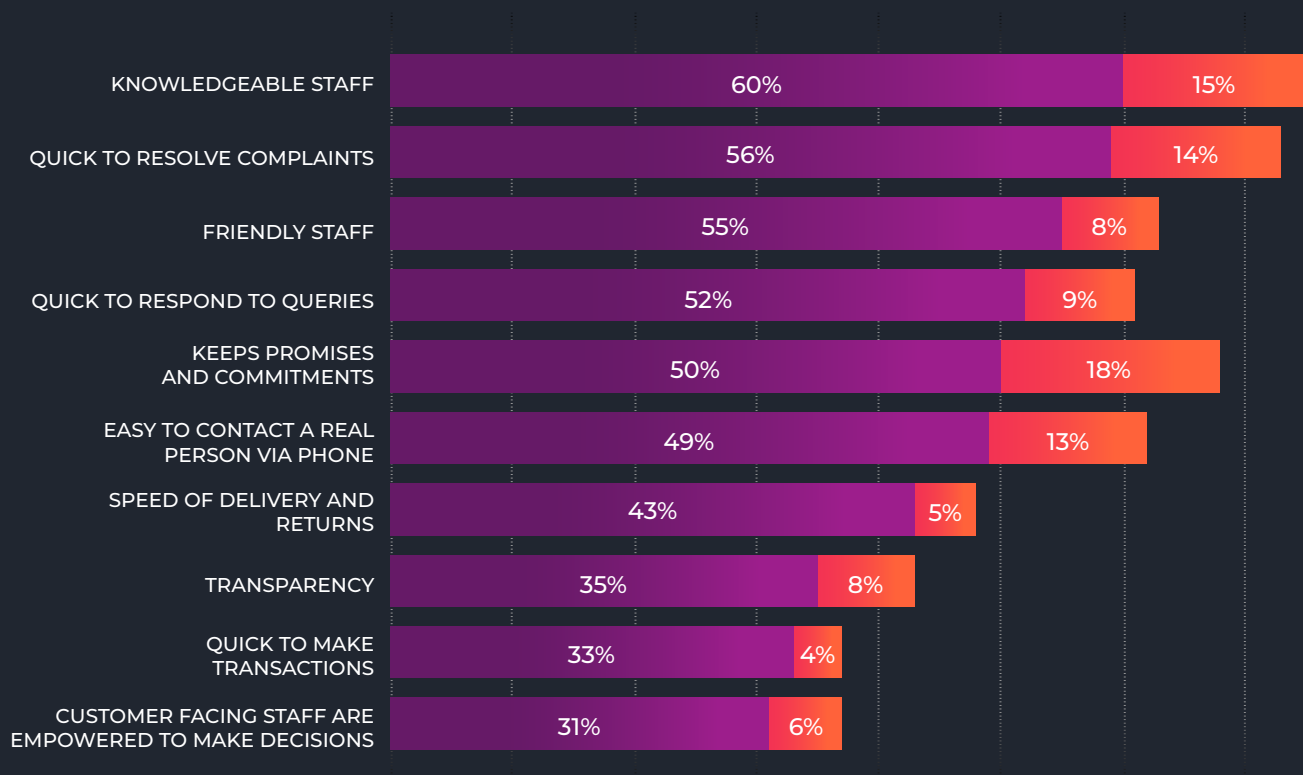
WHEN THINKING ABOUT RECENT CUSTOMER EXPERIENCES YOU HAVE HAD, WHAT DOES A GOOD SERVICE LOOK LIKE? AND WHICH IS THE SINGLE MOST IMPORTANT ELEMENT?



Important element of good service



Single most important element



Part 4

Making customer-centricity a reality



In the broadest sense, operationalising customer-centricity comes down to four key sub-areas: organisational and channel design; measurement, metrics, data capture and effective insight; recruitment and talent management; and effective communication.

KEY FINDINGS

Businesses surveyed indicated a wide range of ways in which they operationalise customer-centricity. Two in five businesses identify recruitment policies and staff hiring as the main way in which they operationalise customer-centricity, followed by addressing customer feedback and organisational structure. This is perhaps no surprise, as identified in Part 1, talent management is the second most invested in strategic project by surveyed businesses.



40%

RECRUITMENT
POLICIES



38%

CUSTOMER
FEEDBACK



34%

ORGANISATIONAL
STRUCTURE

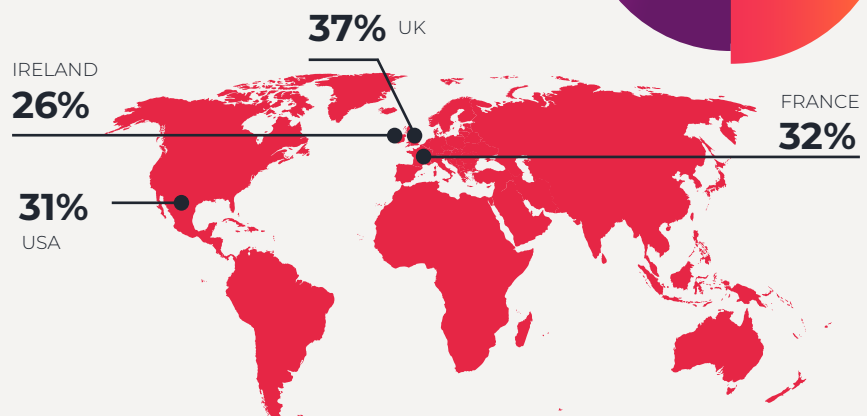
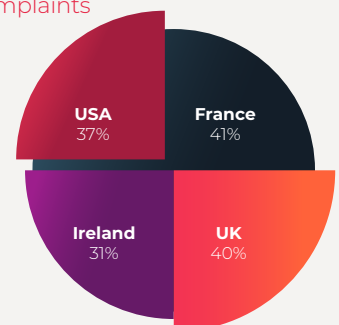
French businesses are most likely to prioritise focus on addressing customer feedback and complaints



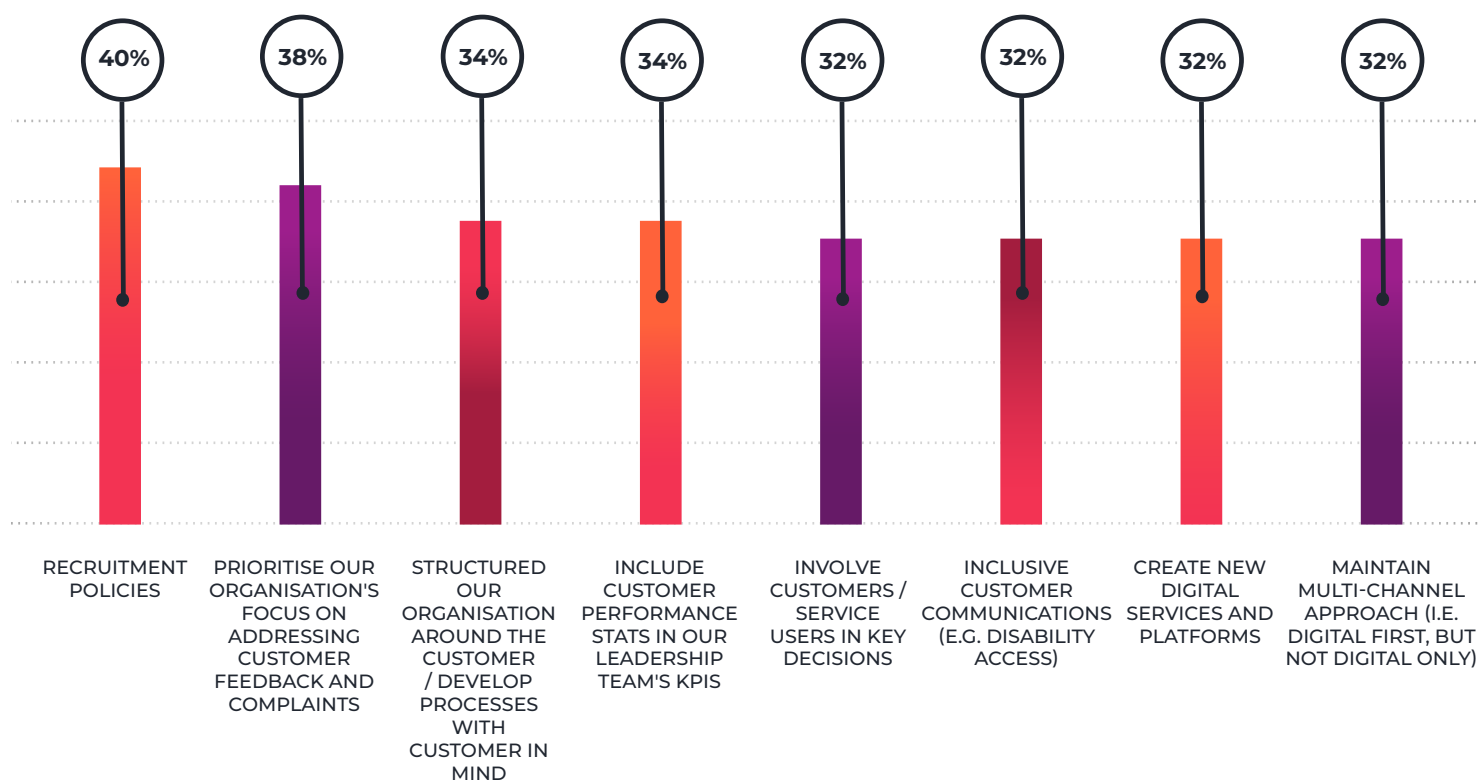
37%

Businesses in the financial services sector are by far the most likely to state that they operationalise customer-centricity by embedding it into the design of products and services

DIGITAL SERVICES
DELIVERY IS MOST
LIKELY TO BE
OPERATIONALISED BY
UK BUSINESSES



HOW DOES YOUR ORGANISATION OPERATIONALISE CUSTOMER-CENTRICITY?



1. Organisational design

Gearing businesses to deliver on customer experience

Customer experience has not just exploded as a term, but also as a business practice area. It is predicted that spending on customer experience technologies will reach US\$641 billion in 2022.⁸ As outlined in the previous section, customer experience is viewed as the top value driver among business leaders (43%) followed by quality of customer service and satisfaction levels (37%).

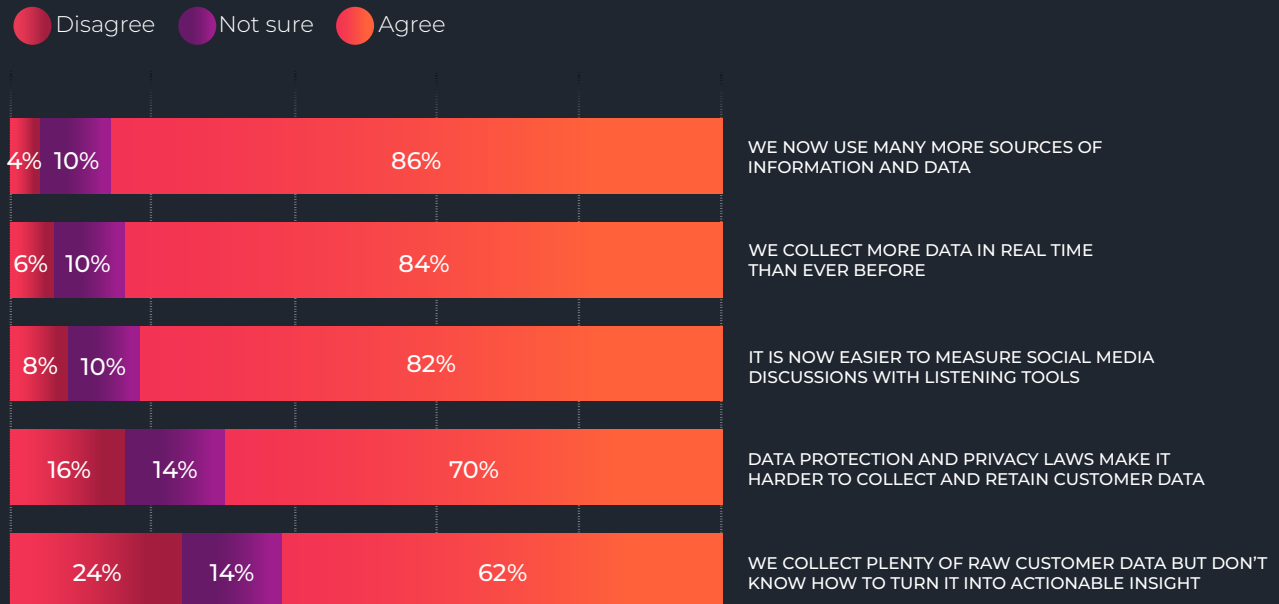
C-suite sponsors of customer-centricity

Board-level sponsorship of the endeavour to be customer-centric as an organisation is perhaps a prerequisite to the endeavour of being successful. Having an executive oversee matters establishes clear lines of responsibility and accountability for everyone involved in customer experience within an organisation. It should come as no surprise then that nearly 90% of companies have a chief experience officer or equivalent executive, compared to 65% of companies with a chief experience officer in 2017.⁹

⁸ International Data Corporation, [Spending on Customer Experience Technologies Will Reach \\$641 Billion in 2022, According to New IDC Spending Guide](#), 2019

⁹ Gartner, [Gartner Says Nearly 90% of Organizations Now Have a Chief Experience Officer or Chief Customer Officer or Equivalents](#), 2020

TO WHAT EXTENT DO YOU AGREE WITH EACH OF THE FOLLOWING STATEMENTS?



2. Measurement, metrics, data capture and effective insight

Prior to the pandemic, use of data to paint a picture of customer needs and desires was already on a rapid upward trajectory. Digitisation and advances in technology have resulted in individuals and business moving further online, along with their data.

The pandemic has led to even greater exponential growth in the availability of customer data. National lockdowns left many businesses with a simple choice, either move online or shut down operations. As a result, in the first full quarter of the pandemic, e-commerce in the US observed ten years of growth within 90 days.¹⁰ Each interaction between a business and an individual presents another opportunity for more data to be gathered. Our research findings reflect rapid growth in the volume of consumer data in recent years.

- 84% of business leaders surveyed agree or strongly agree that they collect more data in real time than ever before.
- While 86% agree or strongly agree that they now use many more sources of information and data.

An influx of more data does not necessarily mean organisations are more informed about their customers. Having such great volumes of data from various sources presents a new challenge: cutting through the noise and turning data into actionable insight.

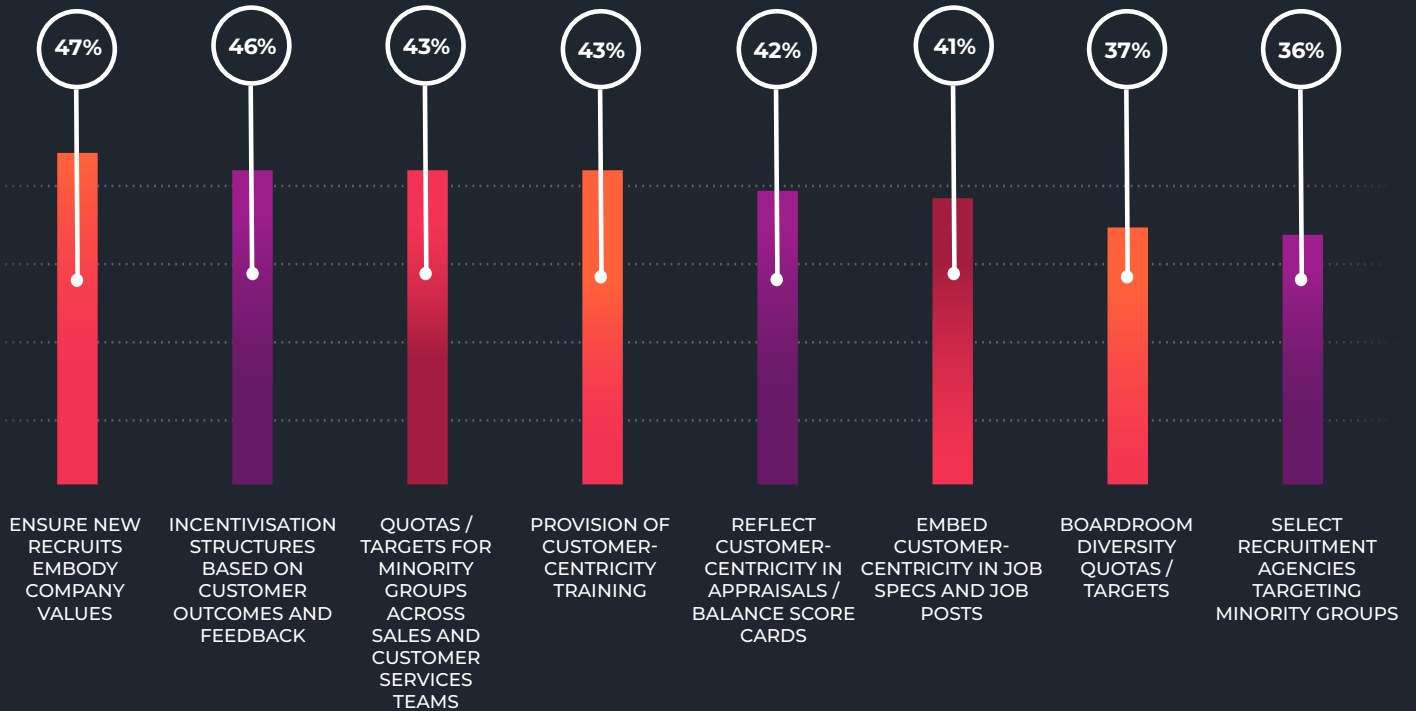
- Almost two thirds (62%) of businesses surveyed agree or strongly agree that they collect plenty of raw customer data, but they do not know how to turn it into actionable insight.
- The Harvard Business Review Analytic Services Survey finds that just 3% of organisations action all of the customer data they capture, 20% state they use most of their customer data, while 71% say they either use very little of it or just some of it.¹¹
- Further to this, our research finds 65% of businesses agree that organisations often make decisions without factoring in customer insight or feedback.

Quality customer data acts as the headlights for any business trying to navigate towards becoming customer-centric in its approach. In turn, use of data science, tapping into big data sets and effective application of predictive technologies can also allow organisations to see what might be coming around the corner. However, there are further significant challenges when it comes to harnessing customer data. As we explore further in part 5, if not correctly managed, customer data poses the risk of both significant reputational and financial damage.

¹⁰ Segment, [The CDP Report 2021: A new era for Customer Data Platforms](#), February 2021

¹¹ Harvard Business Review Analytic Services Survey, 2017

IN WHAT WAY ARE YOUR RECRUITMENT AND DEVELOPMENT PROCESSES SET UP TO ENSURE A CUSTOMER-CENTRIC MINDSET OR CULTURE?

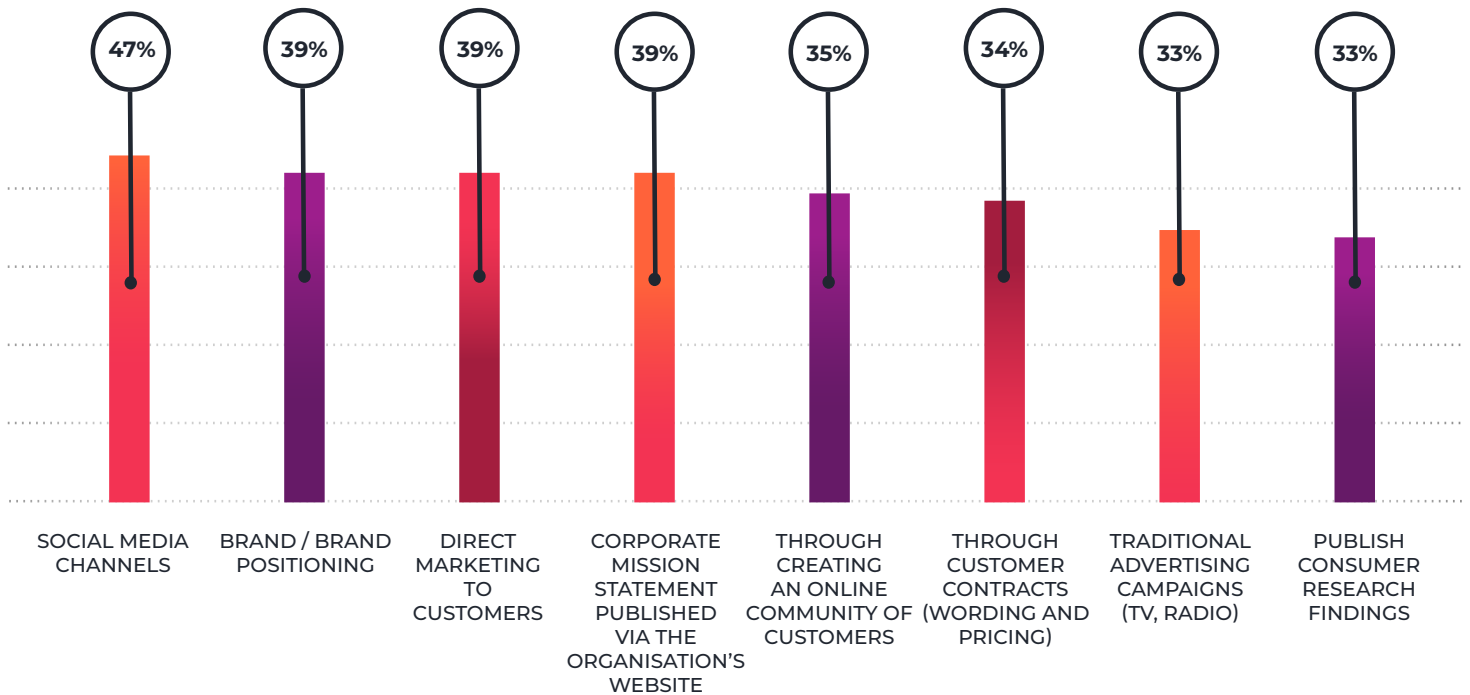


3. Recruitment and talent management

Recruitment and talent management are some of the greatest factors that influence and shape an organisation's culture. As identified throughout this report, strategic priorities held by business leaders align to being customer-centric, with specific focus given to customer satisfaction levels, but operationalising these strategic visions and implementing change on the ground presents a significant challenge.

Representation of minority groups across sales and customer service teams is the third ranking way in which organisations ensure a customer-centric mindset or culture (43%). Regardless of sector, customers are likely to be a diverse audience from different races, social backgrounds, and with a range of physical and mental abilities. For this reason, core to being customer-centric is a diverse workforce who can be most effective in communicating with different groups of people, having empathy with them and truly understanding their needs. This also helps companies to ensure that their products or services are designed to suit a diverse audience.

IN WHAT WAY, IF ANY, DOES YOUR ORGANISATION COMMUNICATE ITS COMMITMENT TO CUSTOMER-CENTRICITY?



4. Effective communication

A commitment to customers and customer-centricity has traditionally been likely to resonate in a business' brand positioning or communicated through means such as direct marketing or even evidenced in a corporate mission statement. Social media has changed things though and its impact is undeniable.

- Social media channels are, by some distance, the most readily identified means through which businesses communicate their commitment to customer-centricity (47%).
- FMCG businesses are most likely to cite social media as a way in which they communicate their commitment to customer-centricity (53%).

The 24/7 nature of social media has changed everything for businesses, especially those that are selling direct to end-consumers. Put simply, it is no longer enough for consumer brands to be customer-centric during traditional office hours. Nimble engagement is expected on social media, with 83% of individuals globally expecting brands to respond on social media within 24 hours and 46% expecting a response within the hour.¹²

Its very public nature also heightens the importance of social media. Compared to a single complaint being dealt with via a single customer representative in a call centre, a complaint or issues on social media can be played out in front of a cast of hundreds or even thousands of other customers.

But communicating customer-centricity via social media isn't just reactive. Challenger and start-up entities, as well as brands that want to forego losing relevance, have harnessed the power of social media to create or re-establish brand personality which resonates with customers.

It is important for businesses to avoid becoming overly reliant on social media feedback to measure customer sentiment. On each of the various social platforms, certain demographic groups are more strongly represented than others. On Twitter, for instance, users aged 30-49 constitute the largest age group, while the majority of TikTok users are aged between 18-24. Companies must also monitor customer feedback through channels outside of social media to make sure they address all customer voices – not just the loudest ones.

¹² Microsoft Dynamics 365, [State of Global Customer Service Report](#), 2019

CASE STUDY

Harnessing the power of social media: Chipotle and TikTok

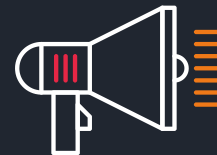
The right social media campaign can lead to reinvigorated brand awareness, especially among the younger generations. In 2019, global restaurant chain Chipotle was experiencing a loss of interest around the brand and struggled to maintain sales growth. As part of their efforts to come up with a fresh marketing strategy, they decided to take a chance with the then emerging social media platform TikTok. Their hashtag challenge collaboration (#ChipotleLidFlip) was among the first instances of a global hospitality brand partnering with the video-sharing platform. Following the hugely successful first challenge, Chipotle and TikTok continued the partnership by launching other unique and widely popular campaigns (e.g. #GuacDance) reaching 430 million views globally.

As a result, Chipotle reported an 88% digital sales growth and a 14.6% revenue growth to US\$1.4 billion for Q3 2019. By leveraging social media trends, the restaurant chain managed to engage younger customers and regain relevance as a brand.

88%
DIGITAL SALES
GROWTH



430
MILLION VIEWS
GLOBALLY



CASE STUDY

Shifting the dial within pharma and life sciences

Client insight: Pat Thistlethwaite, Chief Experience Officer, Havas Health & You, and Managing Director at Havas Health CX



With over 17 years of experience in pharma, Pat Thistlethwaite strives to challenge existing paradigms in a traditionally brand-led industry by showing clients the measurable business outcomes they can achieve by implementing a customer-oriented vision. Pat works with global pharmaceutical companies, advising them on how to achieve true customer-centricity by leveraging talent, data, and technology effectively.

From brand-centric to customer-centric

The culture of being brand-led is deeply embedded in the pharmaceutical industry, therefore developing a truly customer-focused strategy is a gradual process that requires a mindset shift at all levels, from CEO to day-to-day marketers. Customer-centricity means that everything begins with the customer. Their journey, their problems and the opportunities to add value to that journey. In my sector, an example of customer-centric product design may be giving treating physicians a 'whole patient view' by creating an algorithm that suggests potential treatment interventions based on real-time analysis of diagnoses and lab results from multiple providers. It is all about finding the gaps in service where there is room for improving customer experience. But historically, this has very much been a brand-centric rather than customer-centric sector.

An unprecedented demand for customer experience experts

The last few years have seen businesses across all sectors becoming increasingly aware of the importance of customer experience. Google, Apple and Amazon have led the CX revolution, but now they're aiming their significant capability at healthcare. The long-awaited tech-enabled disruption in pharma will be the perfectly seamless patient experience. Tech giants, healthcare systems, payers, and manufacturers are all in a race to create that experience. C-suite executives in the pharmaceutical sector are recognising that they need to keep up and they are hiring experts from companies that excel at CX to drive the change. Yet, while a strategic vision is essential, it is not enough in itself. Getting customer-centricity truly embedded in the business is an all-encompassing transformation that involves looking at new processes, adopting new technology and ways of working, and restructuring the organisation.

Talent as a key bottleneck

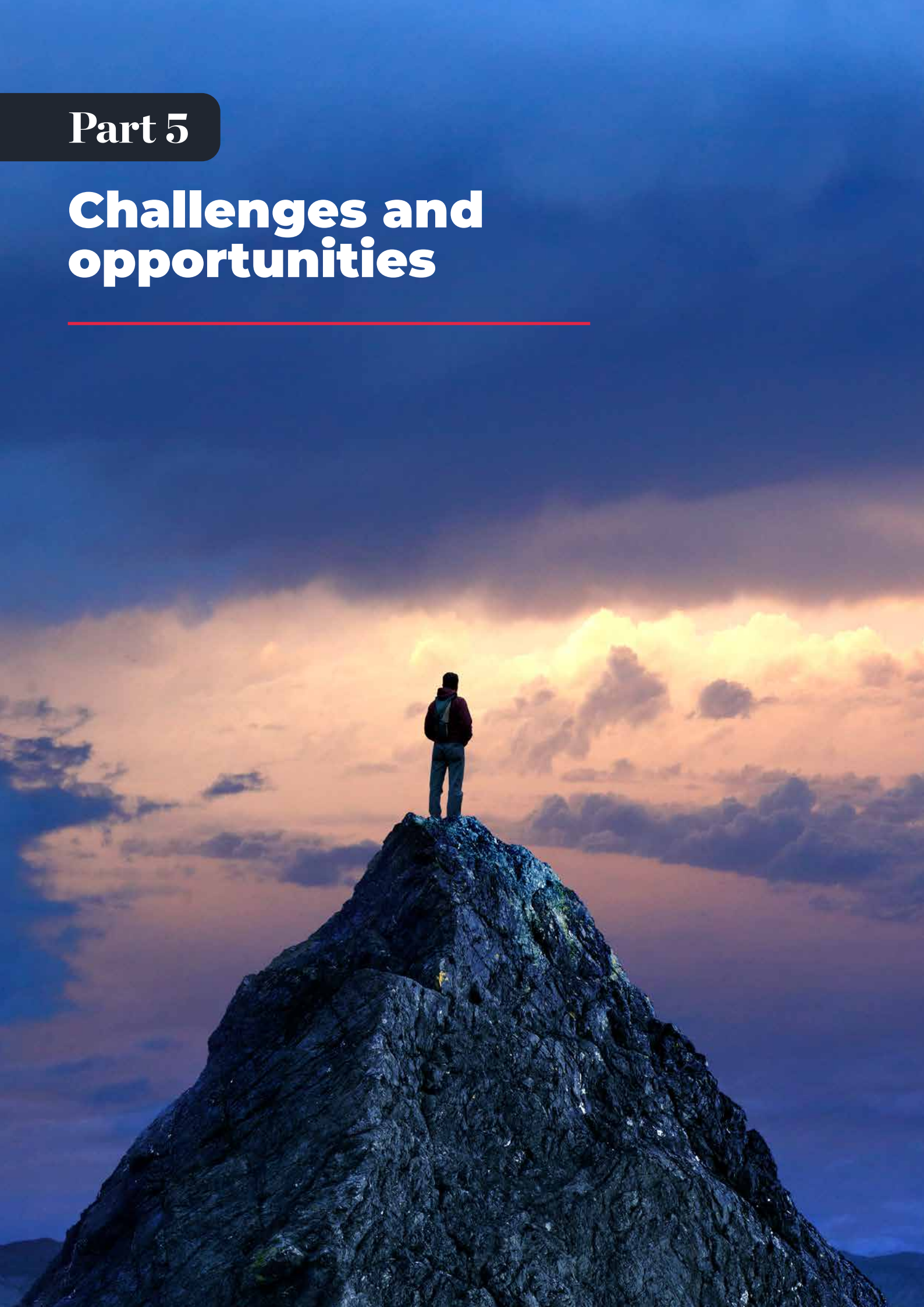
While the pharmaceutical sector is increasingly embracing customer-centricity, the lack of skilled talent poses a significant barrier for companies trying to expand this capability. The thing that keeps me up at night is finding people who understand what a customer-centric mindset means and can help move that vision forward. In a post-Covid industry, employers need a lot more creativity to be able to hold onto talent. Companies must make sure that they recognise the importance of improving internal experience in order to prevent attrition. Recruiting and retaining the right staff is integral to building a scalable, customer-centric business model.

Maximising the value of data

Today, the bounty of data available offers an enormous opportunity to understand the customer better, but the key to success is finding the best way to leverage that data. Pharmaceutical companies are transitioning now from gathering data and seeing what's out there, to focusing on how we can turn it into actionable insight. Havas Health, as well as their clients, are scaling up their data science capabilities to develop the in-house expertise necessary for maximising the value of the data they collect. However, with the growing wealth of data come data protection issues. The potential misuse of data can lead to significant financial and reputational damage, and companies need to take this seriously. Investment in legal and compliance is primary in building an infrastructure that meets the standards different countries and regions put in place.

Part 5

Challenges and opportunities



The pursuit of customer-centricity yields important benefits for businesses, but it also comes with distinct risks and challenges.

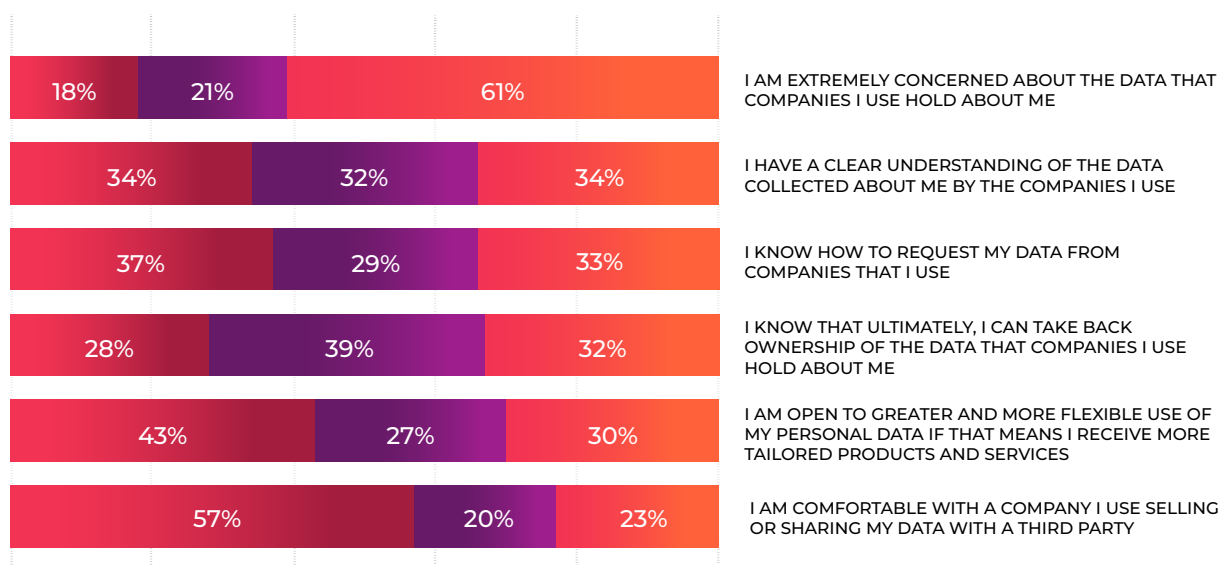
1. Ensuring data protection

The process of building a more customer-focused business is almost always data driven. However, ensuring secure and transparent data collection and management becomes more difficult in a regulatory environment where consumers are

being empowered to take ownership of their own data and the potential liabilities for data breaches continue to grow. More than three in five (61%) consumers are extremely concerned about the data that companies they use hold about them. Levels of concern are greatest among those aged 55+ (67%).

TO WHAT EXTENT DO YOU AGREE OR DISAGREE WITH EACH OF THE FOLLOWING STATEMENTS?

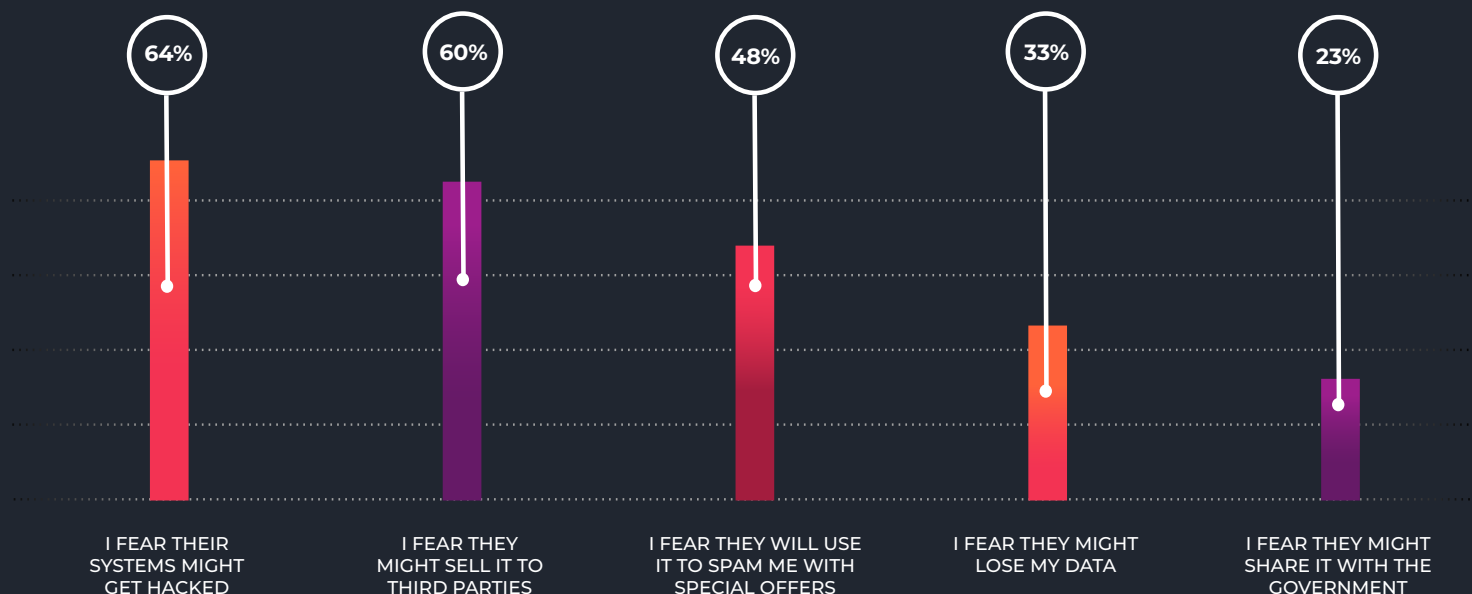
Disagree Not sure Agree



The greatest data-related fear among customers is that companies they use could get their systems hacked (64%). Fear of this eventuality is far greater among those aged 55+ (74%) than those aged 18-34 (51%). Interestingly, there is far more concern among younger groups about companies sharing data with the government (29%).

Within our four survey countries, consumers in the UK are most apathetic towards their data and how it is used. 62% of those in the UK simply do not care what data companies hold on them and 60% agree that they are comfortable with a company they use selling or sharing their data with a third party.

WHAT CONCERNS, IF ANY, DO YOU HAVE WHEN SHARING YOUR PERSONAL DATA WITH COMPANIES?



Regulators and policymakers are alive to these concerns. Information regulators in Europe are still adapting to the post-GDPR environment and, as they do, the value of fines and other enforcement action continues to increase. In August 2021, Ireland's Data Protection Commission fined WhatsApp €225 million for violating GDPR privacy laws.¹³ This is one of the largest fines ever issued and represents a trend towards more forceful enforcement actions. Our research reveals that businesses are increasingly attuned to the growing legal and compliance issues arising when using consumer data to build consumer-led business strategies. Investment in compliance functions goes hand-in-hand with customer-centric business models.

There appeared to be consensus on standards of consumer data protection across jurisdictions post-Brexit as, in June 2021, the EU Commission adopted an adequacy decision for the UK under GDPR. However, the dial has shifted since then. In the UK, the Department for Digital, Culture, Media and Sport has set out plans to reform data laws, which diverge from GDPR and could for example, end the use of web cookie banners. While the UK government agenda is to reform data protection in order to boost trade and drive innovation, the proposed reforms present a further risk for business to understand and manage.

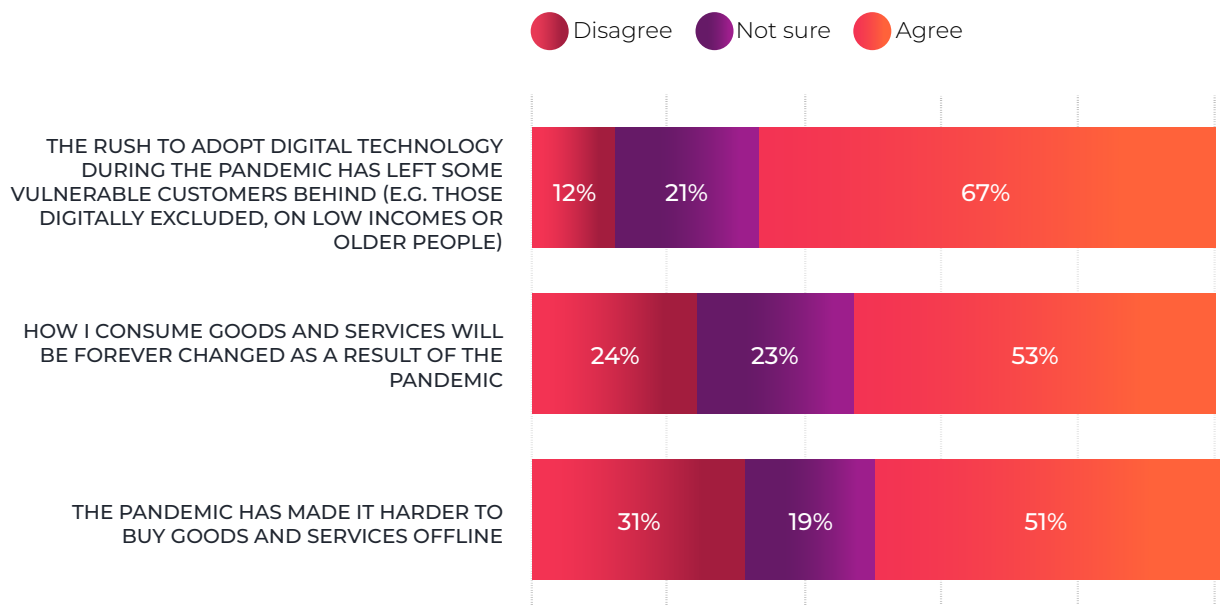
2. Addressing the needs of vulnerable customers

The adoption of digital technology puts some vulnerable groups at risk of being left behind. Many businesses will rightly segment the market to identify which customers represent their key target audience. In some cases, this can lead to cherry-picking, which results in some customer segments being excluded or overlooked. That can be problematic, particularly in sectors where universal service provision is a legal requirement such as water, energy, telecommunications and essential public services. In these markets, it becomes essential to ensure that products and services are designed in an inclusive manner, accommodating the needs of a diverse range of potential clients. When asked about the impact of the pandemic, it is notable that consumers

feel like the rate of change has increased, particularly in terms of digital adoption, but consumers are also concerned that not all citizens can keep pace with those changes: 51% feel that the pandemic has made it harder to buy goods and services offline, while 67% feel that digital technology has meant that vulnerable customer groups – like the elderly or disabled – are being left behind as a result.

Consumers in Ireland appear to have benefitted most greatly from the innovation and digitalisation that has occurred because of the pandemic. 70% of Irish consumers agree that there has been a vast improvement in online services offered by companies as a result of the pandemic, compared to 60% in France, 55% in the UK and 53% in the USA.

TO WHAT EXTENT DO YOU AGREE WITH EACH OF THE FOLLOWING?



3. Avoiding an over-reliance on technology

Technology can help to overcome many of the traditional problems businesses face when attempting to design customer-centric operations, but it can also create some new problems along the way. As our consumer research findings reveal, knowledgeable and friendly staff are at the forefront of what customers consider to be a 'good' customer experience – the human touch is still vital to secure customer loyalty.

But technological development and distribution of goods and services online could serve as a challenge, as well as an opportunity, when it comes to keeping customers close: over-reliance on digital solutions can make businesses feel remote and weaken the emotional attachment between customers and brands.

Businesses will need to consider the optimal outcome between digital-only strategies which target digitally enabled customer groups versus multi-channel strategies which accommodate the yearning in many customer groups for continued human interaction. This human interaction is most commonly sought in low-frequency, high-value transactions where customer familiarity is low and the risk of making a poor decision is high, for example, home purchases and major investment decisions.



BEING ABLE TO UNDERSTAND WHO THE 'AT RISK' GROUPS ARE AND DESIGNING PRODUCTS AND SOLUTIONS WHICH MEET THEIR NEEDS IS ESSENTIAL, NOT JUST FOR PRODUCT PROVIDERS BUT FOR WIDER SOCIAL INCLUSION.

CASE STUDY

Agility and attentiveness: a mid-size brand's guide to customer-centricity

Client insight: Roger Scarlett-Smith,
Chief Executive Officer, Thornton & Ross,
and EVP STADA Group UK/US



With over three decades of experience in the pharma sector, Roger shares his perspective on the benefits of staying close to customers. He explains how smaller but nimbler companies can play to their strengths to create a winning blueprint for customer-centricity.

Customer closeness in practice

As a medium-sized healthcare company with a highly diverse product range (including prescription drugs, OTC medicines and household disinfectants), we serve a variety of customers from wholesalers and pharmacy chains to Amazon and the NHS. Our approach to customer-centricity is built on the notion of partnership – we strive to find unique, tailor-made ways to co-operate with our customers so that they are confident in the quality of our brand. In the healthcare business, the goal is to be 'consumer preferred, expert recommended', and at Thornton & Ross we give equal attention to both aspects. Our decisions are primarily informed by conversations with partners and transparent, direct feedback from our sales force, rather than by syndicated data. Our marketing team has also been harnessing social media to identify emerging trends, address feedback and cultivate the discussion around health via our collaborations with influencers.

The perks of being nimble

Having previously worked for a global pharmaceutical firm, my experience was that large companies tend to adapt the market to their strategy, rather than the other way around. The model we use at Thornton & Ross is like looking at the different end of the telescope: our highly devolved, market-by-market approach is fine-tuned to customer needs. We may not have the muscle to shape the market, but the fact that we are nimble players comes with many advantages. Firstly, we have the agility to angle our product range to niche audiences, for instance, by introducing fully recyclable packaging for the environmentally conscious customer. Secondly, the way our supply chain is built enables us to step in when other companies fail to meet demands. We consider such situations as predictable upside risk: having a safety stock and extra factory capacity means we can make the most out of bigger players' misfortunes and win on reliability.

Serving empowered patients

A key element of being customer-centric in pharma lies in understanding and responding to the way consumers think about health and wellbeing. One of the megatrends we see emerging is centred around self-efficacy: today's patients want to be in charge of their own healthcare and are much more clued up about the products they are being prescribed. Consumers' need to feel empowered is also reflected in their expectations towards pharmaceutical products: the idea of a product simply bringing relief has been replaced by a focus on the positive life choices it will enable them to make. An integral part of creating our marketing strategy is making sure our messaging follows this mindset shift and resonates with consumers' changing concepts of health.

Unsettling the customer with innovation

Businesses tend to think about customer-centricity as the need to take up a passive role and subordinate their strategy to the customer. At Thornton & Ross, we are strong advocates of becoming comfortable with the idea of tactfully challenging and leading the customer. When launching a new product range, introducing novel language and positioning may be off-putting to the audience at first, but later it becomes a highly valuable asset. For smaller players like us, being bold is the key to differentiation and can yield enormous success.

THE REWARD OF MEETING CUSTOMER EXPECTATIONS

Despite some of the challenges facing businesses looking to become more customer-centric, businesses have a clear vision of what can be achieved through delivering on customer experience.

Customer stickiness surpasses brand loyalty

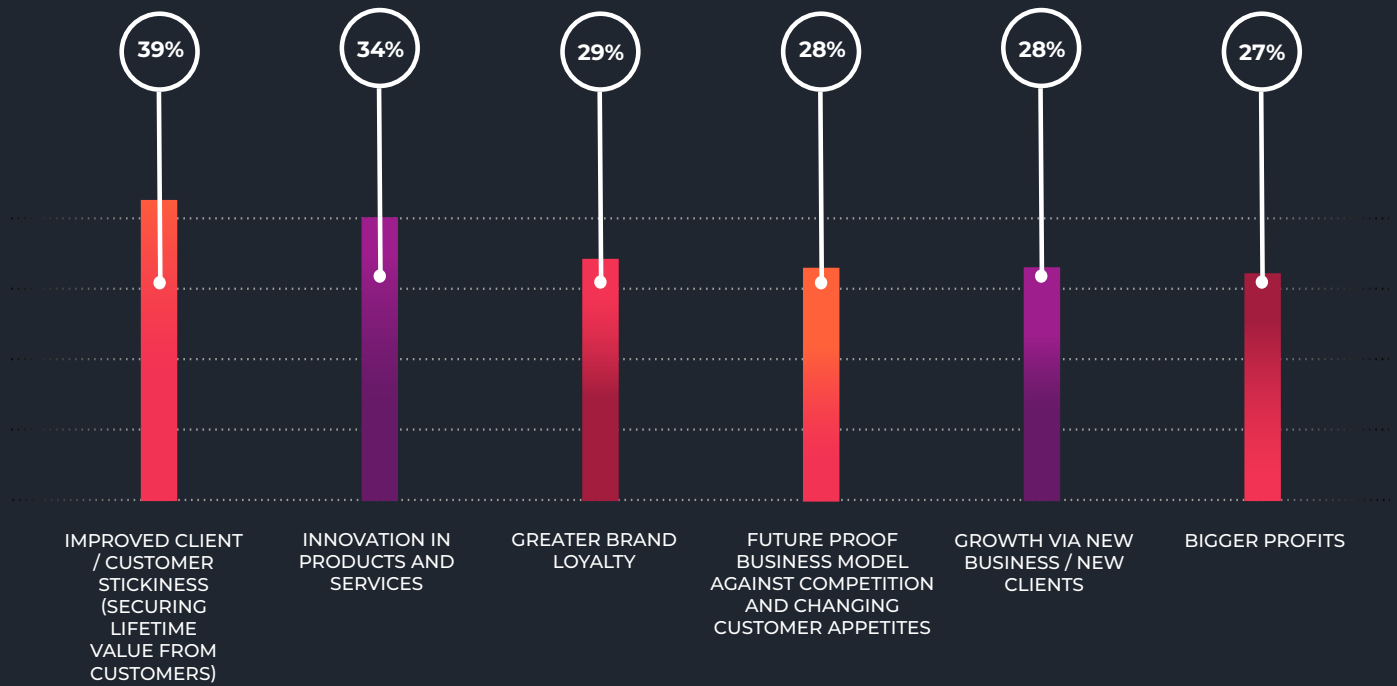
Collectively, businesses with both B2C and B2B audiences identify improved client or customer stickiness as the key reward to customer-centricity (39%). Customer stickiness should not be confused with brand loyalty. Customers can stick with a company even when they don't love the brand. For example, most people don't feel huge loyalty to their bank, but few customers take the time to switch providers. Fundamentally, customer stickiness is about ensuring a business remains the rational choice for the customer. Naturally, poor customer experience is likely to push more customers to look elsewhere, resulting in churn.

By contrast, brand loyalty builds on the fundamentals of customer stickiness and is created through a much deeper relationship that goes well beyond the business transaction and is a more holistic approach, such as loyalty programmes, that creates regular dialogue between businesses and customers and puts closeness at the fore.

Being customer-centric rather than brand-centric

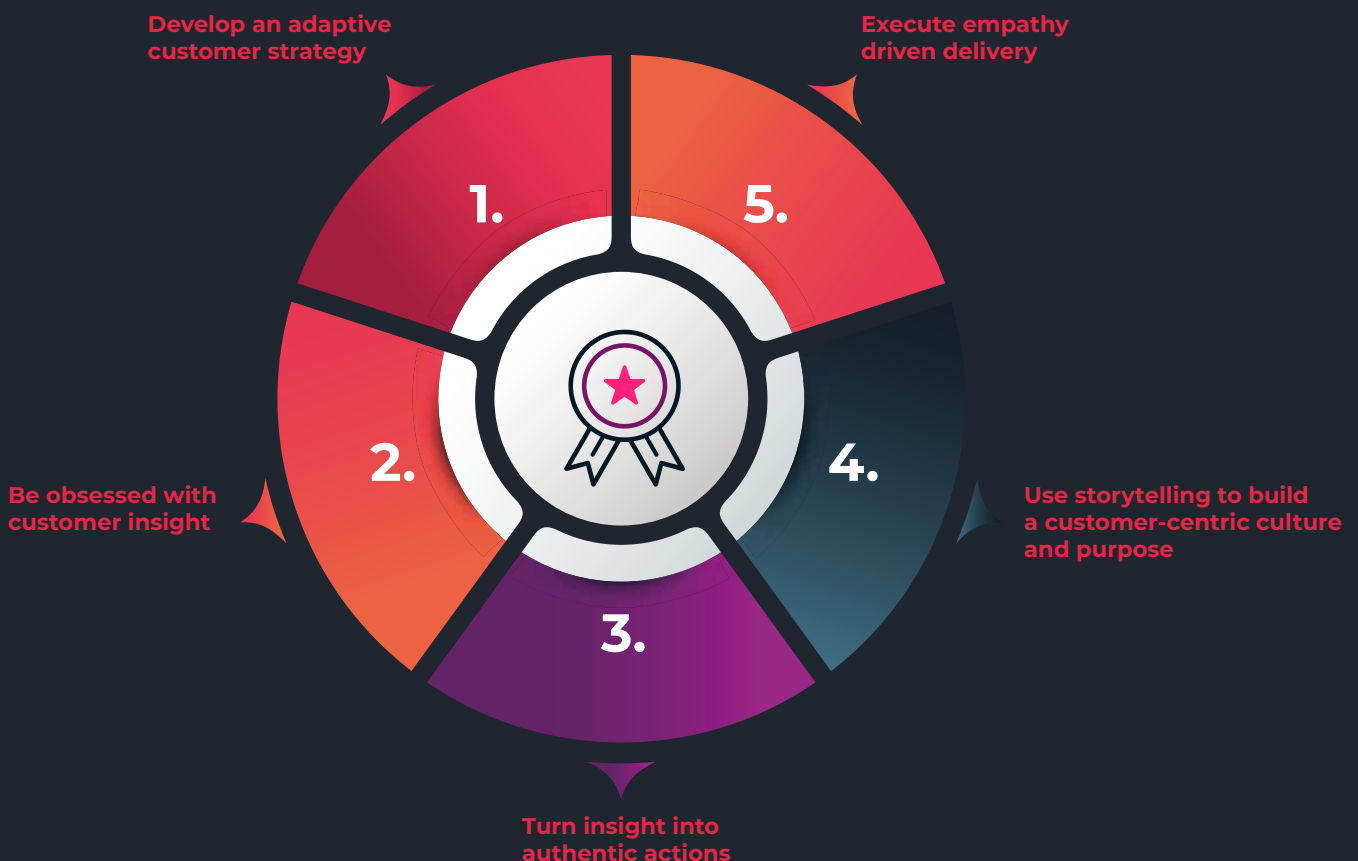
There can sometimes be a tension between customer-led businesses and brand-led businesses. Possessing a strong brand which can attract customers, may, in some instances, reduce the need to truly understand in a granular sense who the customer is or what they really value. High-end fashion companies or luxury sports car brands such as Bugatti or Ferrari have established such a strong global brand identity that a brand-focused strategy is enough to guarantee continued business growth. However, studies show that a customer-focused approach can lead to better business agility over time, allowing companies to sustain competitive market performance by responding quickly to the changes in today's dynamic environment.

WHICH OF THE FOLLOWING WOULD YOUR ORGANISATION LIKE TO CAPITALISE ON THROUGH IMPROVING CUSTOMER EXPERIENCE?



FIVE-POINT FRAMEWORK FOR CREATING A MORE CUSTOMER-CENTRIC BUSINESS

Achieving true customer-centricity may seem like a daunting, if not insurmountable challenge. However, as experts in delivery of some of the world's largest and most complex business and digital transformations, our framework outlines the key steps that need to be taken to successfully deliver a customer-centric business.



1. Develop an adaptive customer strategy – Being aware of the wider business strategy and being able to align that with enhanced customer outcomes. This requires all business functions to work together and align the objectives of various customer-facing teams including brand, supply chain, product design, distribution strategy, sales and marketing, and customer services teams. This will often require a board-level sponsor to co-ordinate activities.

2. Be obsessed with customer insight – Understanding where the business is serving customers well and where it needs to improve requires data, and the ability to collate, analyse and interpret information. Information is being drawn from an ever-increasing range of sources. Measuring customer experience has traditionally involved understanding customer satisfaction net promoter scores. Increasingly, businesses are looking across the end-to-end experience and all key channel interactions, from the physical to the digital and in areas such as the social media ecosystem. This enables brands to gain deeper insights on their customers: as content creators, customers can provide a much richer picture about their attitudes, lifestyles and consumption patterns. This provides vital intelligence for businesses when designing products and services and delivering more contextual, personalised experiences.

3. Turn insight into authentic actions – Being able to collate and interpret data is only part of the picture. Companies must turn insights into relatable communications and actions which connect with customers and change or reinforce behaviours. This is particularly essential for those in customer-facing roles, including sales teams and after-sales customer service, where employees need to be highly attuned to understanding customers' problems and communicating how best to solve these problems in real time. It can also encompass an active role in delivering change based on customer feedback.

4. Use storytelling to build a customer-centric culture and purpose – Identifying what customers want and ensuring that all customer-facing teams are empowered to deliver on those needs will deepen and sustain relationships. Part of this requires a more empathetic approach where the ability to listen and respond positively to customer demands is essential.

5. Execute empathy driven delivery – Rapidly changing customer markets mean it is vital that businesses can adapt to the changing landscape. Where required, pivot to new channels and respond to evolving customer segments to tap into future growth and needs – identify new and emerging consumer opportunities, and threats, and act quickly to address them. Assembling the right mix of skills to undertake strategic projects to devise empathy driven delivery of operational and product solutions becomes an ever-more important competence.

FINAL THOUGHTS

Behaviour changes during the pandemic, the move towards purpose-led capitalism and technological advances have all contributed to customer-centricity becoming increasingly critical, rather than important to, corporate success.

THERE IS CONSENSUS
WITHIN THE BUSINESS
COMMUNITY, THAT
THOSE WHO EMBRACE
CUSTOMER-CENTRICITY
ARE MOST LIKELY TO
SUCCEED.

The first step to becoming customer-centric is the recognition that the customer should be at the heart of all business activity. The second step, making it happen, is far harder to attain. While many businesses have the right intentions and strategy, executing plans effectively is an altogether different challenge.

Our report finds that there is a divergence in what business leaders and consumers understand to be their expectations and desires. This mismatch between the C-suite and customer presents a barrier to businesses truly becoming customer-centric.

Further to this, there are key risks associated with data protection, addressing the needs of vulnerable customers and over-reliance on technology that come with the pursuit of becoming a more customer-centric business.

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About Gate One

Gate One is a leading digital and business transformation consultancy focused on designing and delivering meaningful change for some of the world's most interesting, innovative and influential organisations.

We work closely with the C-suite and extended leadership teams across blue chip companies, private businesses and major government departments to conceive and deliver the big ideas that will transform their organisations.

Our extensive experience of working on complex transformations means we know how to create the conditions that will drive success, deliver value and help you meet your most challenging goals.

We work in close collaboration with you to design a solution that's customised to your needs, building your ownership and capability as we go along. This creates a ripple effect and ensures the changes we implement together are meaningful and sustainable.

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