Walking the talk on customer centricity

The phrase "customer centric", once popular, is now being rapidly replaced by the more muscular phrase "customer obsessed", which is trending as the favourite word in boardroom presentations, in fierce competition with moat and pivot. Unfortunately, customer centric and customer obsessed are not exactly the same thing. In fact, they are mirror images of each other. The locus of customer centricity is the world of customers, and the locus of customer obsession is the world of marketers.

A really good definition of customer centricity is, to quote Hector Ruiz, the former chief executive officer of semiconductor company AMD: Not doing everything the customer wants, but doing everything on behalf of the customer. And, of course, finding a way to do it in a manner that is profitable for the company.

Customer centricity is about figuring out how to add value to customers (value that customers perceive, not value as marketers think customers should or would perceive). Customer obsession is often all about how to extract value from customers. It is not unusual to see a slide called "We are customer obsessed," which has the customer at the centre and radiating outwards are all the ways in which the company will extract value from the customer (cross-sell, increase ticket size, improve stickiness, offer adjacencies, and the like). Conspicuous by its absence is what the company will do for its customers. There are enough and more faux customer-centric mission statements that say, "We will delight customers" or "Be the preferred supplier for customers around the world" — statements that are all about "us" and not a word about what it will do to make customers' lives better.

Obsessively testing products with customers is also not customer centricity — it is product centricity.

Obsessively also asking consumers what they want from a product or service (and then bemoaning the fact that customers don't know) also does not qualify as customer centricity. It qualifies as abdicating decision-making and making the customer the marketing director of the company. It is the customer's job to have a problem, or a pain point, or a value-processing algorithm — that is, an internal process by which they decide what benefits add value to them.

It is not their job to come up with solutions to resolve the pain or problem, or to find ways by which companies can deliver more value to them. They do not know what is possible; all they know is what will make them happier. Customer-centric companies work tirelessly to do so. They understand compromises that customers are making today — like staying in a three-star hotel that doesn't give them status, though affordable, versus a five-star hotel that does give them the status benefit but are unaffordable and over-engineered for their needs. Or being a small-ticket buyer in a remote location and having to pay a premium to access certain products. These companies focus on breaking such compromises and unleashing customer-perceived value. The language of customer centricity is to shift the frame of business decisions and design to: "What can I do for customers?"

Many — though not all — startups in the new economy with digital business models have demonstrated far more customer centricity than large companies. They have managed to break compromises customers face and solved the tough challenge posed by the Indian market — of consumers who have high performance thresholds for acceptability and low prices / costs thresholds, and companies that want reasonable unit margins.

Startups have shown more customer centricity in designing solutions to add value or remove pain for people and businesses than the traditional marketing management community. Perhaps because the funders relentlessly ask the former, "Why will you win?" — pushing them towards unresolved customer problems. And probably because the latter today is more focused on performance marketing than on designing or delivering (or even discovering) customer value. Research & development folk are also often more customer centric than their marketing counterparts, perhaps because their DNA is rooted in problem-solving or delivering performance breakthroughs for use cases.

When it comes to the more operational area of designing digital interfaces, there are many shades and grades of customer centricity, despite all the UI UX experts. For example, bank apps that may be technically heroic but want to cross-sell things before allowing you to finish the job for which you opened the app. It smacks of a hostage customer and a customer-obsessed supplier who believes the bank's work is more important than the customer's urgency to get her job done. Leave techies of the IT department in charge of error messages and other communication to customers, and we get messages like, "We are pleased to inform you that we are back online now," instead of, "We apologise for the interruption in your internet services and the disruption it has caused. We are now back online".

Customer centricity is not about having bulky, time-guzzling feedback forms and tying up the CEO's bonus to a Net Promoter Score. It is about an orientation that says, "What can I do to make customers' lives better?" — as they see it not as I see it—and, "How do I do it in the smartest possible way that maximises value to them and minimises cost to me?"

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