



Editions

PLAYBOOK

CUSTOMER CENTRICITY

KEEP, NURTURE, SUPPORT

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What is meant by customer centricity?

Customer-centricity is a simple concept – it means putting your customer first in all your strategies. It means not leading with a product-out strategy, which can reduce perspective on customer needs.

It's also a strategy that can be used by any sort of business. Consider a local grocery shop where the owner knows and talks with their regular customers; they know what they tend to buy and what time of day and act accordingly, such as having the morning paper ready at the till. The owner is operating a customer-centric strategy without trying and creating retention strategies at the same time.

Customers still seek these kinds of interactions to a degree, no matter the size of business. Each journey should deliver value, be easy to navigate, use or engage with, and to some extent, illicit an emotional response – from relief at how simple a process is, to being pleased at the pricing point.



“Make your customer the hero of your story.”

Ann Handley, author and digital marketing pioneer.¹

¹ annhandley.com/make-your-customer-the-hero-of-your-story/

The benefits of a customer-centric strategy include:

- better prospects lists
- higher quality acquisition and lower associated costs
- greater understanding of the customer ecosystem
- improved risk management
- generating insights that bring a new dimension to the customer relationship
- refining content that speaks to and actively helps customers
- ...all leading to customer loyalty and advocacy.

Customer loyalty and advocacy is important as it's these loyal customers who are likely to be more responsive to new products and features. Research from Bain & Co and Harvard Business School reports that just a 5% rise in customer retention leads to a dramatic increase in profitability,² and that existing customers are 50% more likely to try new products.³

The strategy is to match the right product, service or communication, with the right time, based on customer demands. If you're not operating for your customer base, you're not securing the long-term future of your business.

Add to this the fact that customer lifetime value has fragmented and changed as more and more entrants entered the marketplace. With so many options to hand, customers are quicker to take their business elsewhere when their needs are not satisfied or met.

In the case of financial services, Capgemini research found a difference in opinion on 'knowing the customer': more than 70% of banking executives say centricity is important to them, but only 37% of customers think banks understand them enough to deliver appropriate services and products.⁴

Customer objectives can be in a flux state, necessitating agile solutions for moving targets. It can seem like a daunting and complex task at first, but it's all about little moments: when people will need your products or services the most, where your business can add value and stand out amongst the competition, and the moments that can be used to build loyalty.

² <https://thecircularboard.com/customer-loyalty-statistics/>

³ <https://www.forbes.com/sites/forbesagencycouncil/2020/01/29/the-value-of-investing-in-loyal-customers/>

⁴ <https://relay42.com/resources/blog/how-to-make-customer-happiness-the-disruptive-core-of-your-bank-s-success-strategy>



One of the easiest ways to instigate a customer-centric strategy is to approach your own business as a first-time customer.

Brands that can deliver value in the times that matter most to customers will prosper. When brands sell to other brands, the goal is to reach decision-makers at the moments that inform their biggest commitments on behalf of the business.

The customer who has frequently enquired about loans or engaged with emails on the topic, and is pitched a new debit card account instead, is not benefitting from a customer-centric strategy. There may be nothing ‘wrong’ with the content and messaging, but it has no relevance for the customer.

‘Thick data’ can fuel centricity for brands generating huge amounts of information from their large customer base; it’s the qualitative information that is gathered from the interactions, actions, preferences and decision patterns of customers. It adds context to quantitative data aggregation.

If complex datasets seem off-putting, outside the capacity of your tech stack or above your brand budget, heed the advice of marketing expert Bill Macaitis, who worked with Salesforce, Zendesk and Slack – he believes intuition and common sense also form part of a customer-centric approach.⁶

“Today, many bank processes are anchored to how banks have always done business—and often serve the needs of the bank more than the customer. Banks need to reverse this dynamic and make customer experience the starting point for process design.”⁵

(McKinsey)

⁵ <https://www.mckinsey.com/industries/financial-services/our-insights/banking-matters/banking-operations-for-a-customer-centric-world>

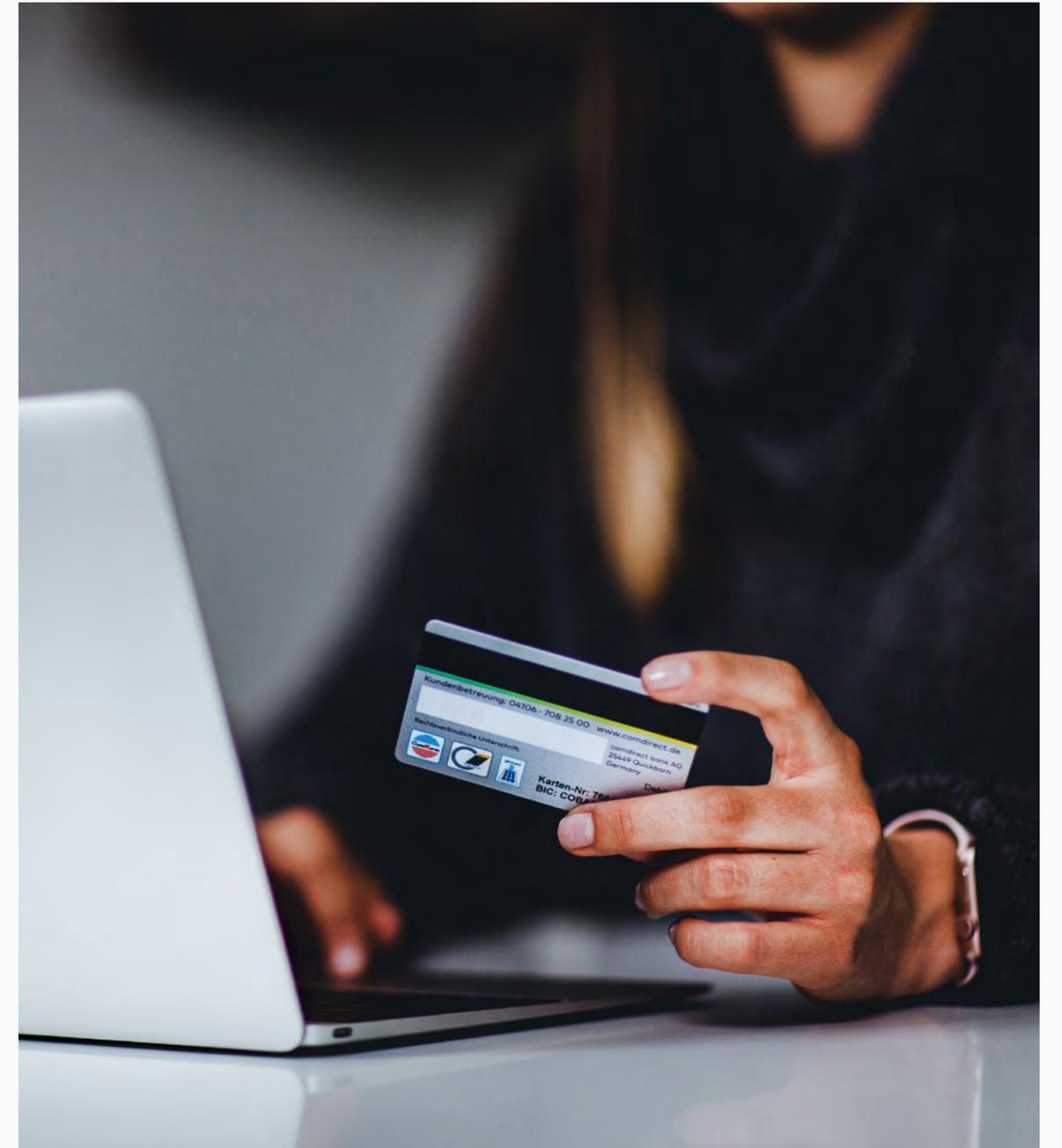
⁶ <https://www.hotjar.com/blog/customer-centric-marketing/>

In the black: the financial benefits

The Pareto principle says that 20% of customers tend to bring in 80% of profit, so identifying and serving those customers is of obvious importance. However, a customer-centric company aims to embrace the other 80% of 'unprofitable' customers.

And the proof is in the pudding: Deloitte Research found that customer-centric companies are 60% more profitable.⁷ Meanwhile, it's reported that only 14% of B2B companies have a customer-centric culture,⁸ despite an average 31% increased growth in revenue⁹ recorded by businesses using this strategy.

Businesses also need to understand that it is a long-term journey – it can take time to move customer segments into increasingly profitable relationships. Once this journey is perfected however, customer acquisition costs and expenses can be gradually reduced.



⁷ <https://www.hotjar.com/blog/customer-centric-marketing/>

⁸ <https://www2.deloitte.com/content/dam/Deloitte/de/Documents/WM%20Digitalisierung.pdf>

⁹ <https://www.b2binternational.com/publications/current-trends-in-the-world-of-b2b-marketing/>

A customer-centric strategy also has positive knock-on impacts for elements such as digital advertising – once you have a clearer view of customers’ online activities, you can reduce costly click prices and cost per acquisition.

High performance marketers have always sought to influence these high-value touch points, but for optimal strategies to work, they must be cross-functional and crossdepartmental. The challenge is removing silos and motivating everyone to follow the same ethos.

“Remember that from the customer perspective, experiences are seamless and there is an expectation of consistency across channels – but different internal owners of parts of that experience can cause inconsistency. You must take a longitudinal view of the total experience to spot inconsistency.”

Alan Pennington – UK ambassador and founder member of the European Customer Experience Organisation¹⁰

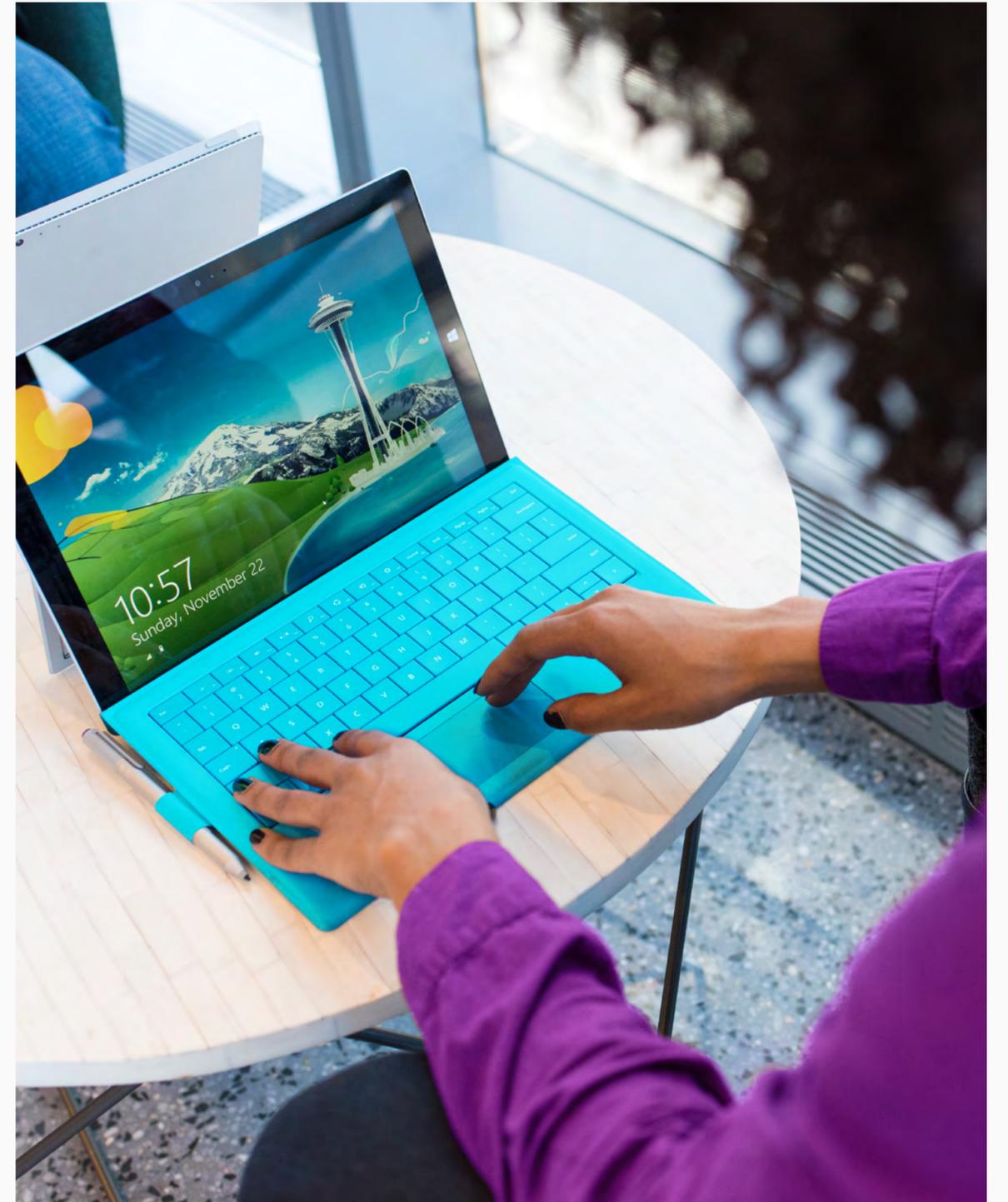
¹⁰ <https://emarketing.net/navigate-the-channel/how-todays-b2b-marketers-are-pushing-customer-centricity/>

What is the role for marketers?

Marketing departments can lead the charge on strategies designed around customer needs. In the years ahead, marketers and businesses will need to support customers through more difficult and demanding lifecycles and stages. The pandemic and subsequent financial crisis have thrown financial situations, careers and personal lives into sharp relief, and recovery is predicted to be unequal in many ways for individuals. People are also finding their voice, and identifying where companies have fallen short on diversity, equality or even environmental matters. Your business does not have just one type of customer, so why would a one-size-fits-all marketing strategy work?

Content plays a vital and valuable role in any customer-centric strategy, providing the depth that allows you to personalise your messaging to demonstrate gratitude, empathy and to show that you have the customer's best interests at heart.

Understanding how people use your marketing is important for refining your strategy. Some will act on emails as soon as they receive them, and drive up your CTR rates, while others will file them away as reminders and initiate a separate journey on your website at a later time.



It's also knowing when to pull back on messaging – some customers want to interact at their own pace, and trying to drive a deeper relationship could push them away. This is another incentive for closer alliances and relationships between sales and marketing to understand the effectiveness of your marketing, with a view that extends past short-term metrics.

Contextually relevant content – the right messages through the right channels at the right time – can deliver support at scale throughout the customer lifecycle.

Marketing tactic examples:

- (1) **Self-service hubs of content and tools** to help customers solve issues, find inspiration and continually renew their relationship with you.
- (2) **Interactive quizzes** to help the audience personalise and curate content and marketing materials that suit their purposes, as well as leading to product solutions.
- (3) **Packages for pre-boarding, onboarding and after-sales.**
- (4) **Modularised messaging** to meet each touchpoint and trigger for individual customers.
- (5) **A customer preference centre** so that customers can tailor their own marketing and communication strategies, and choose the channel(s) they wish to interact through, and when.
- (6) **Hyper-personalised** videos, research reports, infographics, emails and more, devised from what is known about the individual customer and their preferences.



Our principles of customer centricity

Set out your intentions and goals

This may seem like the easiest step, but it's about how you plan to gather and use insights, mapping your customer journey and identifying where you can bring real effect and change for your buyers, and envisioning the experience you want for your customers. It's a chance to align the objectives and goals of multiple departments and pinpoint the areas where you can guide, influence and support each other in reaching greater heights.

This is also the step where you prioritise the types of metrics you will use to gauge success, and appraise where your business currently does well or falls short. It's the stage where you plan for building your brand equity.

Create a code

This set of guiding principles should inform everything you do, from brand beliefs to how you tone or humanise your messaging, and how to add value to each touchpoint for the customer. It can include your design principles, how you tailor events, and includes your overall brand proposition.



Curate your technology stack

Where feasible, select and invest in the technologies that support a customer-centric strategy, from data gathering, collation and analysis, to supporting inbound and outbound messaging. A customer-centric strategy can still function without all the bells and whistles of top-of-the-range tech, so work out what's right for your brand, and what can help you achieve your goals.

Master your marketing mix

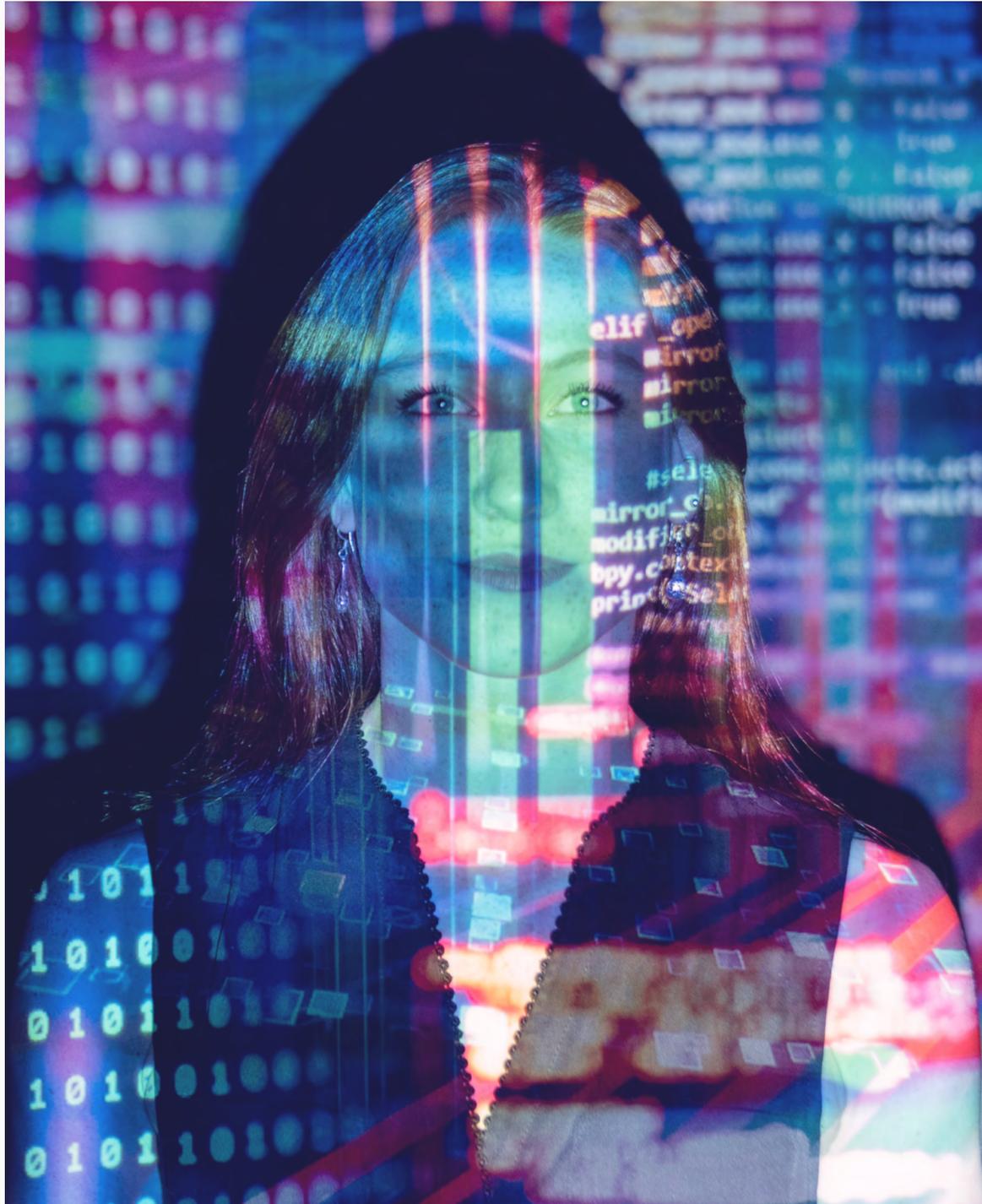
Content and communications will play a central role in your strategy and can do much of the heavy lifting in acquisition, retention and advocacy. Map your content across the touchpoints, modularise for personas and journeys, use it to empower customers with the knowledge they need (and anticipate their future needs), and above all, show your customers you share their values.

Frustration for customers can arise when they hit a dead end in seeking help or support, but a well-stocked content hub and refined preference centre will go a long way in reassuring your customers that you've thought about their interests and put them at the heart of your communications.

Reassess and evolve

Customer centricity is an ongoing and ever-evolving process to stay in step with changing customer needs and progressively expanding your goals. When you have nailed retention and advocacy, focus on acquisition. Reassess your personas and profiles when new data comes to light, reassess your metrics to identify weak points, and review your technology stack if it's not delivering for your needs.





The technology drivers

Marketers need to be able to test out new approaches based on data and insight to continually improve the customer experience.

Marketing automation is considered a key component of centricity to be able to meet customer messaging needs at scale. Automation helps with personalisation, setting up trigger points to release communications, splitting customers and prospects into smaller and more manageable groups for tailored messaging, and increased split testing.

Companies with larger budgets have also invested in **machine learning and artificial intelligence** to help match up their customers with precision messaging.

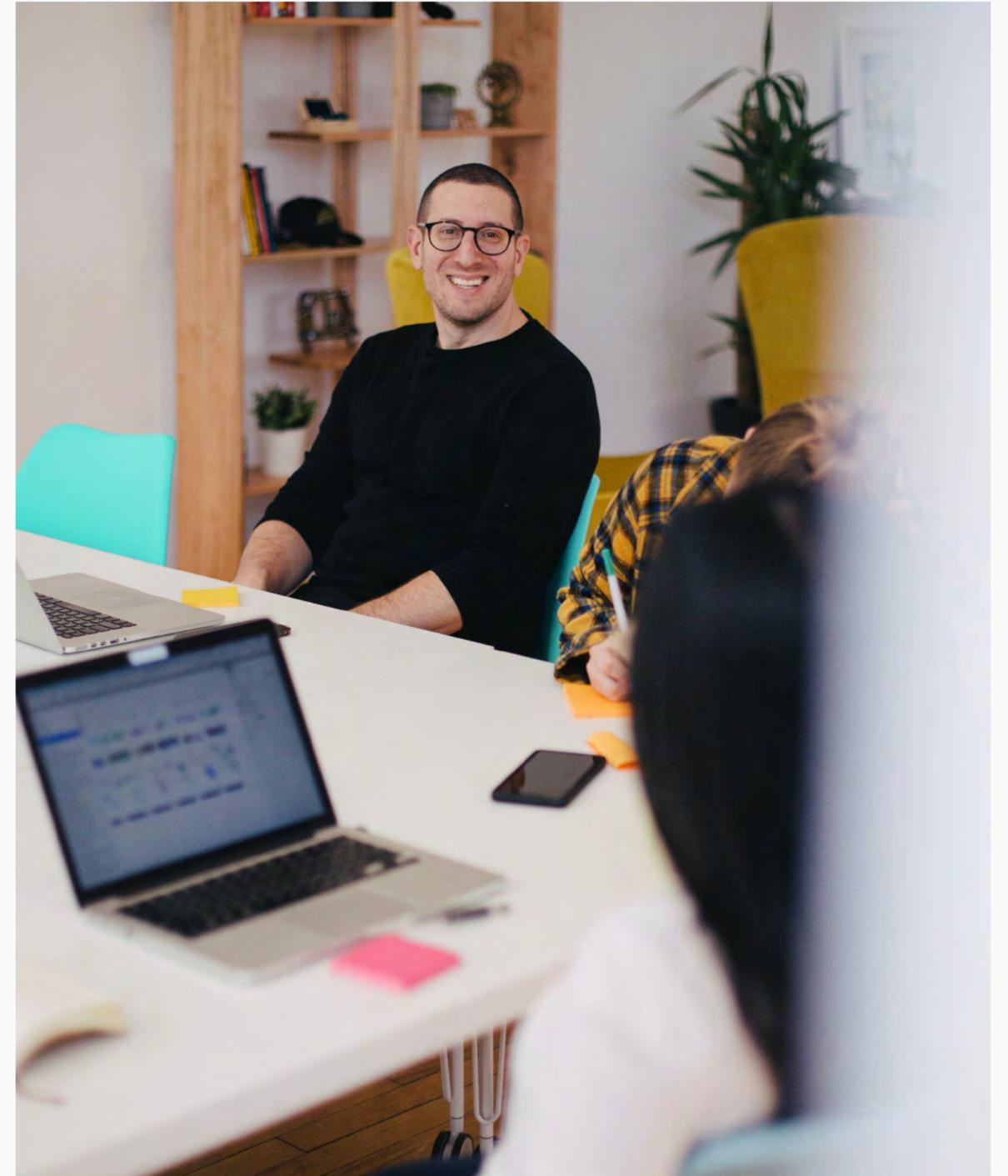
Customer Relationship Management platforms and **Customer Success Platforms** form the core of your data generation, storage and processing to create a 'single customer view'.

Connecting data from all available inputs contributes to a deeper understanding of customer behaviour, how they engage, where future opportunities lie, where they may need more help in the future, and also gives the starting point for building and segmenting personas. It's also accessible by multiple departments, from sales to upper management to product design teams, allowing for information sharing, and it can be used to map customer journeys, identifying triggers at important moments in the lifecycle.

Data aggregation can be key to cracking centricity, and bring sales and marketing closer together to anticipate customer needs in each interaction. It also enables verification of data before building personas.

Another method for building data-driven profiles is third-party cookies, but these are set to become a thing of the past in this decade, starting with Google withdrawing cookie support for the Chrome browser. It's important to start planning how customer data will be collected in the future, given that centricity rests on customer identities.

Where a business relies on legacy systems for the time being and cannot implement a top-notch CRM strategy, centricity can seem like a far-away practice. But all is not lost; there are ways to implement principles of the strategy and see real impact, whether it's through content or customer service. In the absence of tech, primary research is a good support vehicle for the principles.



Customer segmentation and personalisation

To achieve customer centricity, above all you must know your customers – it's a no-brainer. And how you segment your customer base drives the types, formats and frequency of content, with appropriate adjustments through the lifecycle.



Elements to consider in building personas and profiles are particular to whether you have a B2B or B2C relationship, but can include (and are not limited to):

- age
- role
- seniority
- sector
- geography
- business life stage
- length of relationship with your business
- previous buying behaviour
- anticipated needs
- personal relationships
- communication preferences

The purpose of these personas and profiles is to determine the difference between what helps your company, and what helps your customers – forging the connection between the two is ultimately of benefit to both parties.

The segmented profiles are used to address issues such as:

- pain points
- emotional triggers
- macro-environmental issues
- responsibilities
- emerging risks and opportunities
- taking the next step with your business



When tailoring the marketing and content needs of each persona, consider the types of content they will respond to, or search out as part of their brand research. For example, a laptop manufacturer would create technical content for personas interested in equipment specifications, and content around convenience and price for those more interested in a human-centered narrative.

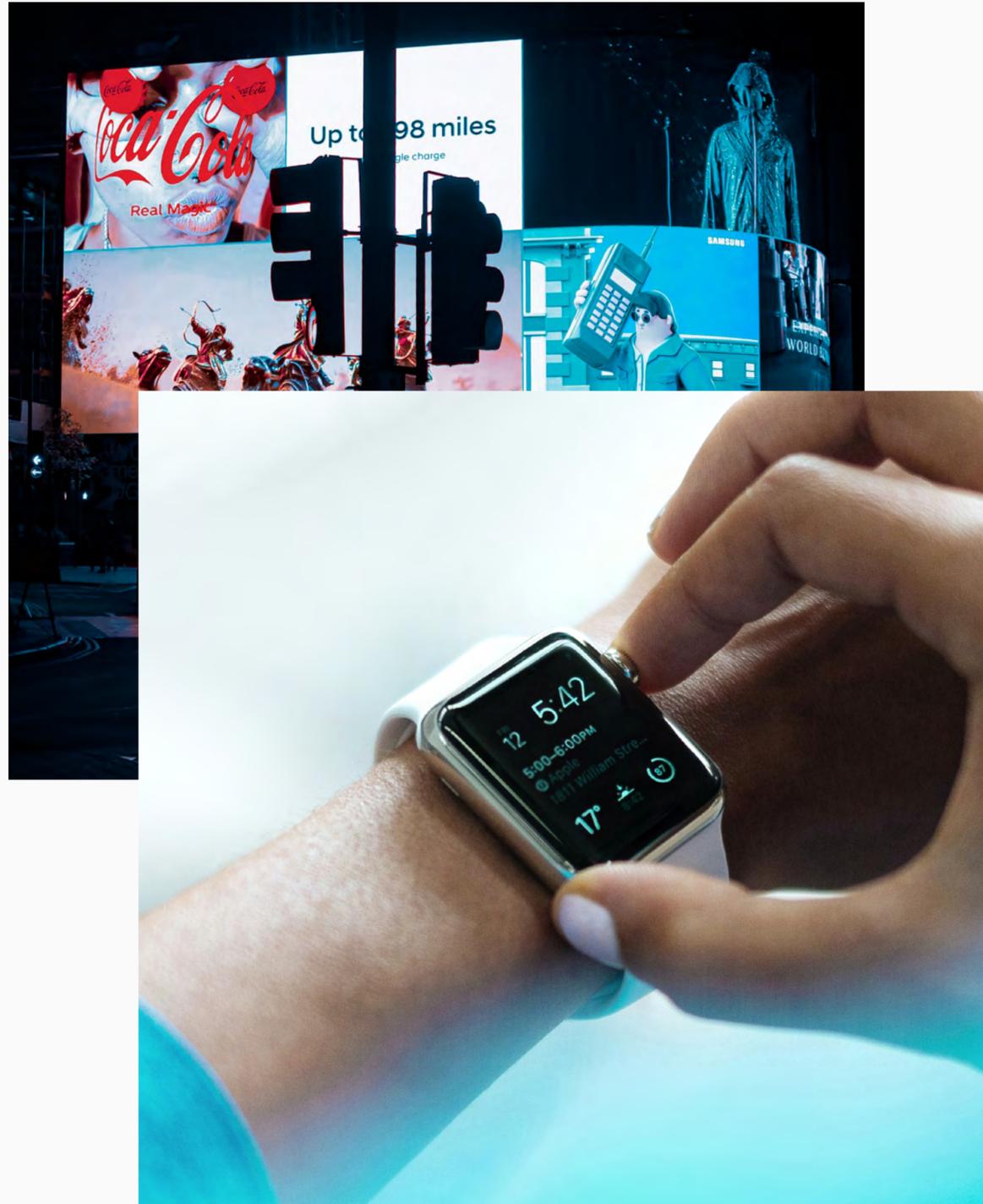
Customer-centric design

Design plays an integral role in centricity, and any external-facing channels and materials must be approached from the perspective of the customer. This requires a test and learn approach to find the design aspects that help increase completion rates, reduce cart abandonment, raise click-through rates and more. Great design reduces barriers to engagement and interaction.

For a designer to truly empathise with a customer and their individual needs, it's important they approach the project with a clean slate. Customer-centric design isn't about what you – the designer – think should happen, it is about what the customer needs.

Even if you believe you have a good understanding of how people will interact with and understand your offering, it's best to listen to real customers to remove preconceptions and assumptions (also known as the 'curse of knowledge').





This generates solutions that actually solve real users' pain points. For example, if you were working on an app that requires a lot of signal and bandwidth, how does this suit the customer and their location? Does it put rural customers at a disadvantage? Once you have spoken to a number of customers, plotting their different user journeys can identify where they may hit friction.

Salesforce underwent the 'Five Second Test', asking people to view a webpage for five seconds and identify first impressions, as well as what they recalled.¹¹ This technique can be used over a range of marketing materials, to identify what assumptions and impressions are being made on first look. It can influence your design, your marketing, and sales tactics.

The customer journey may consist of a number of different touch points; from a billboard advertisement walking home, to the email on your phone at home. All these touchpoints need to have consistent message, branding and form of navigation, to guide users to their next answer, decision or purchase.

Each persona may have a different primary asset, so supply simple and obvious call-to-actions to funnel them to your hero asset. A webpage can be a great all-rounder touchpoint that reduces barriers, for example, an accordion presentation that answers and addresses many different customer queries and needs in one central place. But it is still fundamental that prototyping is reviewed and trialled by actual customers. Taking in more feedback and refining will embed centric principles into the asset and improve its usability.

¹¹<https://www.hotjar.com/blog/customer-centric-marketing/>

What are customer-centric metrics?

These are typically focussed on customer lifetime value (LTV / CLV), customer retention rate (CRR) and net promoter scores (NPS), with a view to reducing cost of acquisition and churn rates. Purely financial metrics tend to take a back seat in centricity. Different personas are likely to feature different CLV values, and some companies may prefer to use the broader metric of 'customer equity'.



NPS

This simple question is based on whether customers are likely to recommend your brand on a scale of 0-10. Promoters give a 9 or 10, while detractors give 0-6.

Those in the middle are known as ‘passives’ – they may be people who are happy to buy from your brand, but have no strong affiliation or desire to tell others about it. They are still a very important section of profit-generating customers for your brand.

Think about the brands you regularly buy – you may have a favourite brand of mayonnaise, but just because you’re not going to write a blog post praising its benefits doesn’t mean you aren’t engaged with the brand on some level, or not contributing to the bottom line.

The detractors can have very valuable feedback for your business, such as the way customer service is performed, their opinion of the quality of the product / service, and what is obviously missing from their journey, such as follow-up support.

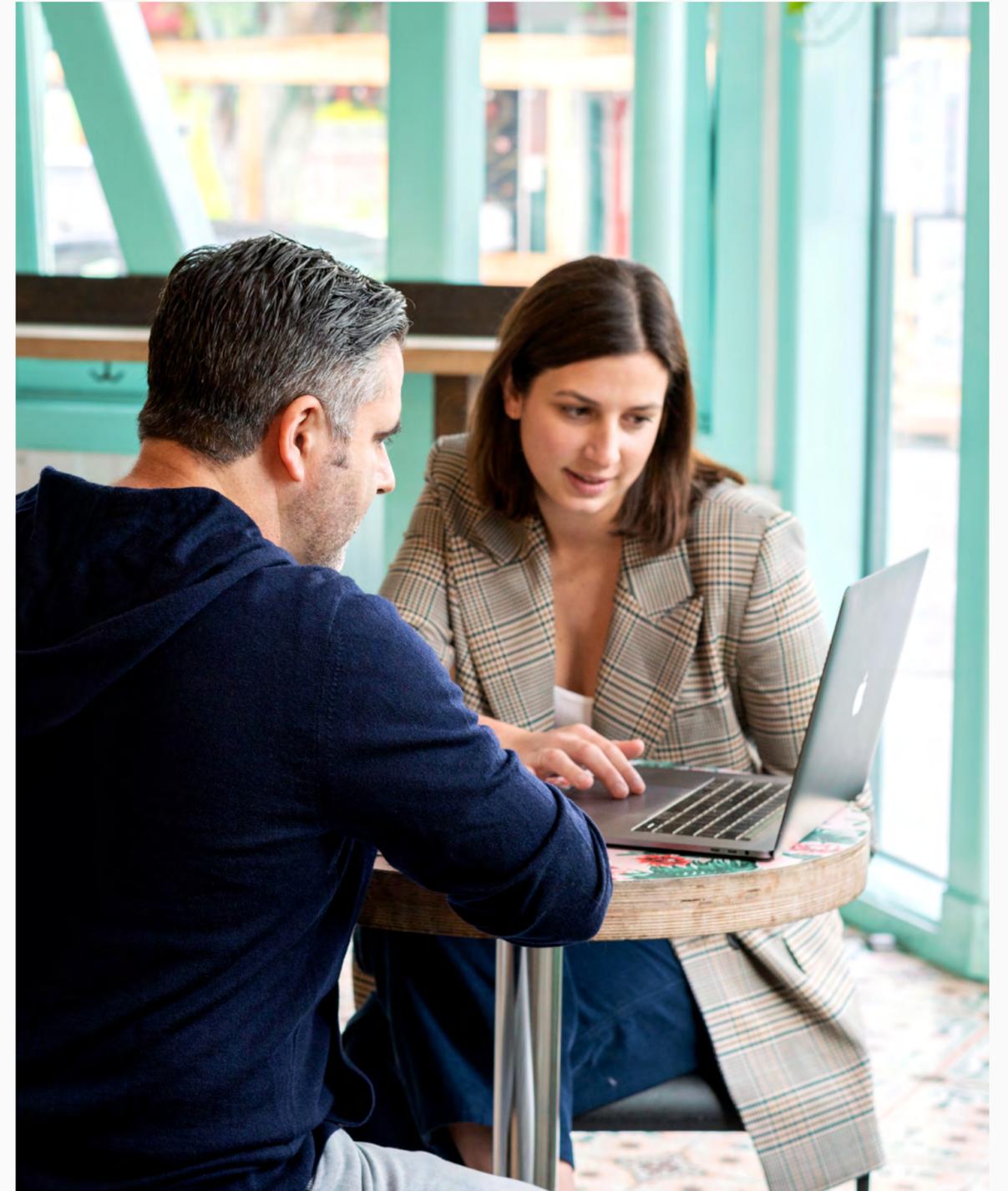
NPS = % Promoters - % Detractors

e.g. 30% promoters - 20% detractors = an NPS score of +10

Any score over 0 is considered positive, but the aim is to keep increasing this.

LTV and CLV

These are measurements of the value of your customer relationship – and the higher the value, the greater the profits. It’s believed to be as much as 16 times as expensive¹² to build a long-term business relationship with a new customer compared to building the loyalty and length of relationship of an existing customer.



Loyal customers are the lifeblood of businesses, and require forward-thinking, nurturing and supportive strategies, from onboarding to advocacy. Referrals, renewals and repeat purchases increase with the likelihood of positive associations with a brand. Not to mention, it is reported that a 2% increase in customer retention has the same effect on profits as cutting costs by 10%.¹³

If possible, drilling down into the CLV of each channel is helpful for your overall customer-centric strategy. For example, are customers acquired face-to-face of higher value than those acquired online? Is repeat business generated according to the channel of acquisition?

It also applies a lens to the segments who have the shortest relationship with your brand, so that you can start to pinpoint the moments that cause people to switch, whether that's price, service, quality, choices, or even better rewards with other companies.

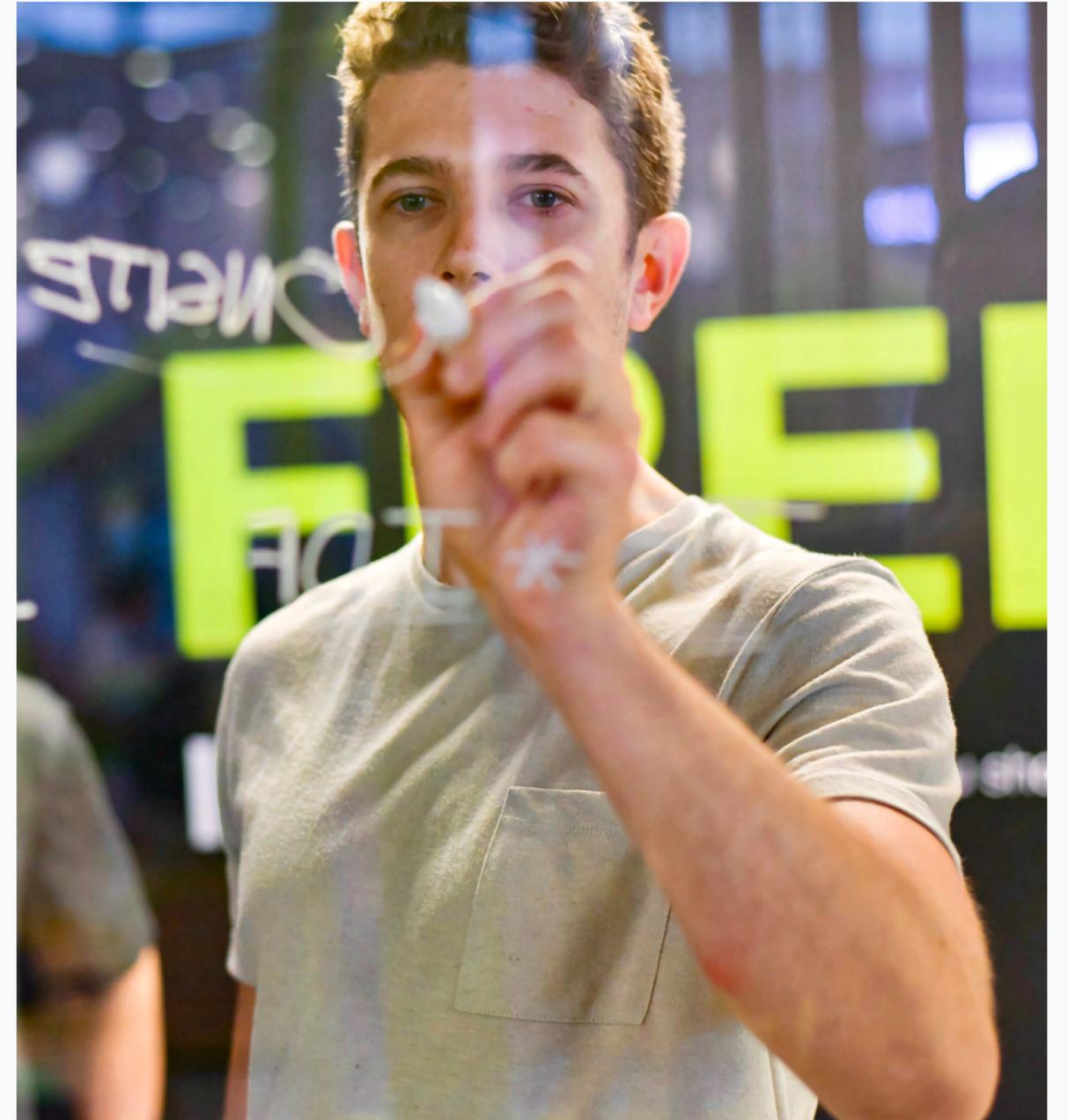
It's also important to note that there are different preferences and methodologies around how to calculate CLV and LTV, and you need to choose the one right for your business from the available data.

LTV = Avg. value of sale x No. of transactions each year x retention time period

CLV = LTV x profit margin

CLV can also be calculated as: (Annual revenue x average retention period) - cost of acquisition.

Customer equity is calculated as: 'total new customers in a given period' x CLV.



¹² <http://customersthatstick.com/blog/customer-loyalty/customer-retention-infographic/>

¹³ <https://www.superoffice.com/blog/how-to-create-a-customer-centric-strategy/>

CRR

A decreasing churn rate is indicative of a brand building long-lasting relationships. And just a 5% increase in customer retention can increase company revenue by 25-95%.¹⁴

CRR = ((no. of customers at end of period – no. of customers acquired during the period) ÷ no. of customers at the start of the period) x 100

When a customer does not fully understand the length and breadth of products / services available to them, or any positive impacts, they are more likely to switch brands. This is why the onboarding process is so important at the start of the lifecycle.

By addressing knowledge gaps early on and ensuring longevity or relevance of content and communications throughout the customer's journey, you help new customers know they've made a positive decision in purchasing from you.

The post-sales environment should be populated with support, such as tutorials, guidance, and acknowledgement of their value as a customer, through a mix of Hero, Hub and Hygiene content that extends the marketing funnel past initial sales.

The retention and advocacy phase should replicate the same standard of engagement as initial onboarding – customers want to feel that every interaction is just as important to the brand as their very first. That recognition primes for further purchase activities.

Triggers for content and communication should be set up for each customer within the CRM, such as those who stop interacting, reduce spend or enact complaints, so that the relationship can be maintained.



¹⁴ <https://hbr.org/2014/10/the-value-of-keeping-the-right-customers>

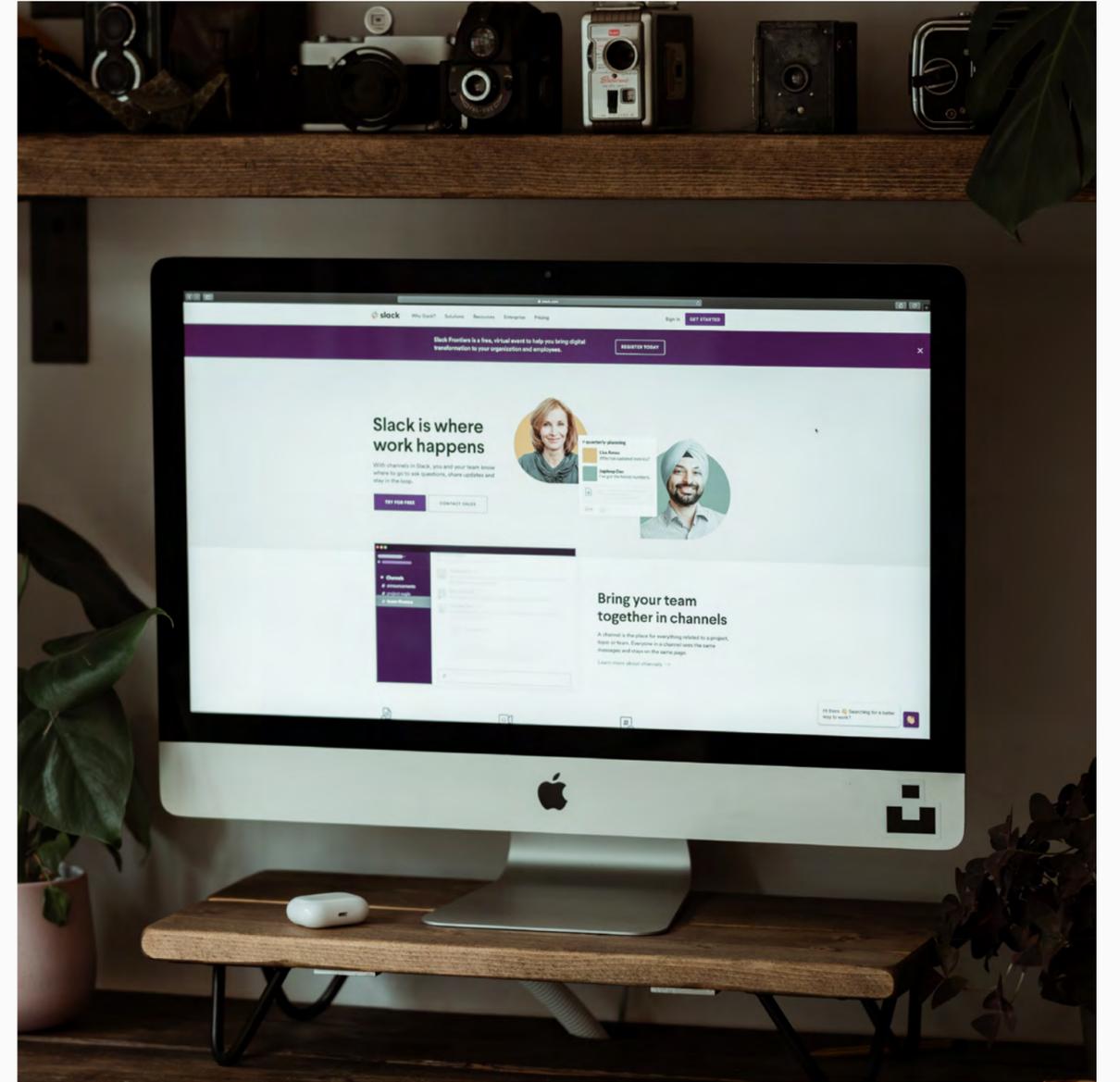
Case studies

There is no one way to ‘do’ customer centricity – check out the following companies who are considered amongst the top 100 customer-centric companies in the world.¹⁵

Slack

Slack focus on relatable content for their B2B strategy, and a refined self-service package of content and tools to do the ‘heavy lifting’¹⁶ of their customer experience, by anticipating queries. They seek to create ‘unexpected value’,¹⁷ by sourcing content ideas from other areas of the business, from HR to sales to software engineers, to share knowledge that will address a business’s pain point and keep them consistently engaged and primed for product centricity when the time is right.

By refining their self-service content and tools, and including ‘relatable’¹⁸ content (all infused with the same brand voice), they empower customers at every stage in their journey. Slack prioritises customer-centric metrics¹⁹ such as NPS above financial metrics to ensure they are creating a journey that empowers their customers, delivers natural growth, increases customer LTV and commercial value and supports identification of brand advocates for marketing activities.



¹⁵ <https://www.forbes.com/sites/blakemorgan/2019/06/30/100-of-the-most-customer-centric-companies/>

¹⁶ <https://www.zendesk.co.uk/blog/slack-customer-experience/>

¹⁷ <https://influitive.com/blog/4-ways-to-become-customer-obsessed-according-to-slack-cmo-bill-macaitis/>

¹⁸ <https://www.forbes.com/sites/blakemorgan/2018/08/29/3-ways-slack-is-a-customer-centric-company/?sh=5eb773d455bd>

¹⁹ <https://influitive.com/blog/4-ways-to-become-customer-obsessed-according-to-slack-cmo-bill-macaitis/>



Edward Jones

Edward Jones investment firm advises ‘to think like clients and not just about them’,²⁰ to add value in every customer-centric interaction. Their strategy works on the principle of ‘smart consistency’²¹ – understanding the moments in the customer journey where it’s critical to deliver a consistent experience. Aggregation technology and onboarding tools are used to support the customer journey and client communication preferences, but their employees bring the necessary emotional intelligence to client priorities and values to consistently deliver for clients. It’s this consistency that enables hyper-personalised connections with customers.

Discover

Discover’s customer-centricity tactics are largely data-driven, allowing them to tailor strategies that produce positive financial impacts for the customer, as well as the business. Data is their differentiator, and an aspect they have heavily invested in to allow for greater analysis time and remove silos²² that hamper excellent customer experiences.

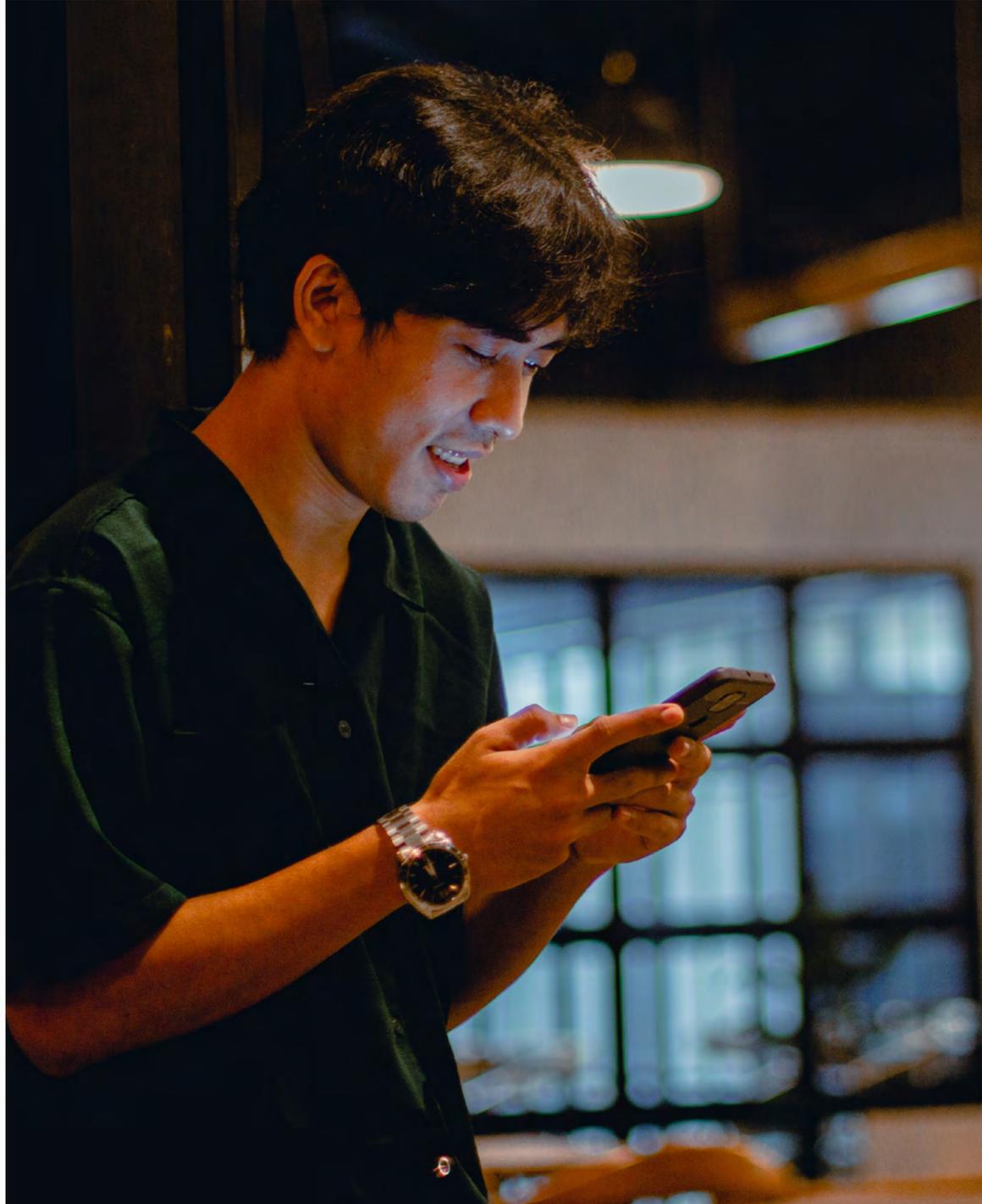
By using analytics and ABM tactics to predict when customers need extra support or help, they align content strategies and messaging with financial triggers to deliver tailored content strategies and messaging. Machine learning and AI is deployed for scalability and creating customised content plans that move customers to better financial positions and success in their business, as well increasing their commercial value while decreasing defaults and intensive account servicing.²³

²⁰ <https://home.kpmg/xx/en/home/insights/2020/01/customer-first-insights-customer-interaction-case-studies.html>

²¹ <https://partners.wsj.com/edward-jones/future-of-financial-advice/how-financial-advisors-can-redefine-the-client-experience/>

²² <https://aws.amazon.com/solutions/case-studies/discover-financial-services-case-study/>

²³ <https://investorrelations.discover.com/newsroom/press-releases/press-release-details/2019/Discover-Recognized-as-a-2019-Digital-Edge-50-Winner-for-Customer-Service-Strategy/default.aspx>



Navy Federal Credit Union

Navy Federal's proposition is 'our members are the mission' to create an omnichannel customer-centric experience, and all employees across the credit union are involved in delivering core values. They advise other companies seeking to improve CX to 'focus on culture', empowering employees to provide the emotional connection that is 'at the heart of every great member experience'.²⁴ They use member feedback from multiple sources, as well as unstructured data from phone calls to examine content and sentiment of calls.

When Navy Federal revamped their mobile app, it went to 17 rounds of focus groups for iterative development – this resulted in usage uptick rates of more than 400%.²⁵ Some of their broad principles²⁶ at play include using data to differentiate customers and provide services based on their individual needs, using the customer voice in decisions, a focus on first contact resolution, and recreating in-person experiences across digital channels by removing complexity that builds barriers.

²⁴ <https://techcentrics.com/these-6-principles-helped-navy-federal-deliver-superior-customer-experience/>

²⁵ <https://techcentrics.com/these-6-principles-helped-navy-federal-deliver-superior-customer-experience/>

²⁶ <https://www.nextgov.com/cio-briefing/2019/08/these-6-principles-helped-navy-federal-deliver-superior-customer-experience/159242/>

The best way to start exploring how we can really help you is to have a conversation.

While we are specialists in your sector and we know your audiences well, every organisation's challenges are different, and every brand operates in a different way. That's why we think the best way to start exploring how we can really help you is to have a conversation – so we can fully understand what you want to achieve and create a bespoke strategy tailored to you.

If you'd like an informal discussion with one of our content strategists, simply give us a call on 07713 629060 or email tony.dickson@editionsfinancial.com and we can schedule a call.



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