

INTEGRATED TRANSFORMATION

How rising customer expectations are turning companies outside-in



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Contents

- 2** About this report
- 3** Executive summary
- 5** Introduction: Keeping up with the customers
- 8** Chapter one: Listening to the voice of the customer
- 11** Chapter two: Closing the feedback loop
- 15** Chapter three: Forging a new culture
- 17** Conclusion: All change

About this report

Integrated Transformation is an Economist Intelligence Unit report, sponsored by Salesforce. In this paper, The Economist Intelligence Unit explores how companies are adapting to evolving customer expectations and preferences, and how this has affected operations, business processes, decision-making and business models.

To explore these shifts, The Economist Intelligence Unit surveyed 550 senior executives from North America (the US and Canada), Europe (France, Germany and the UK), Asia-Pacific (Australia, China, India, Japan and New Zealand) and Latin America (Brazil and Mexico), across a range of industries, business functions and company sizes in March 2019. Half of the respondents were C-suite executives, while the rest were director level.

The Economist Intelligence Unit supplemented the survey results with in-depth interviews with executives. We would like to thank all survey respondents, as well as the following executives (listed alphabetically by company), for their time and insights:

- Leo Costes, former chief customer officer, AXA Singapore
- Brian Krzanich, CEO, CDK Global
- Rick Hasselbeck, chief commercial officer, GE Appliances
- Boet Kreiken, executive vice-president of customer experience, KLM
- Norris Koppel, CEO, Monese
- Greg Jackson, CEO, Octopus Energy
- Xiang Wang, senior vice-president, Xiaomi

Executive summary

Modern customers have it good. Spoilt for choice and convenience, today's empowered consumers have come to expect more from the businesses they interact with. This doesn't just apply to their wanting a quality product at a fair price, but also tailored goods, swift and effective customer service across different channels, and a connected experience across their online shopping and in-store experience, with easy access to information they need when they want it.

Meeting these expectations is a significant challenge for organisations. For many, it requires restructuring long-standing operating models, re-engineering business processes and adopting a fundamental shift in mindset to put customer experience at the heart of business decision-making.

Despite the challenges involved, most senior executives recognise that becoming more customer-centric is a modern business imperative. And it is one that businesses across diverse industries—from retailers to consumer electricity providers—are seriously investing in, as shown in this Economist Intelligence Unit report, sponsored by Salesforce.

This research is based on a global survey of 550 senior business executives at companies across eight industries. Its aim is to explore how businesses around the world are tackling the challenge of reorganising their operations around the customer as expectations grow.

Key findings include:

Survey respondents overwhelmingly agree that their business has been impacted in the past five years by a greater need for customer-centricity. More than eight in ten (81%) describe this impact as at least "moderate". Half (49%) describe it as "significant". This sentiment is strongest among North American respondents.

Becoming more customer-centric demands time, effort and investment—and will continue to do so. Three-quarters (75%) agree that their organisation will need to make significant changes to keep up with customer expectations. Such transformation requires not just unifying disparate departments, infrastructure, sources of data and functional silos, but experimenting with new forms of customer engagement and incorporating customer opinions and feedback into decision-making.

Executives expect a range of rewards from the pursuit of greater customer-centricity. The most highly recognised benefits include better alignment of company resources with customer expectations

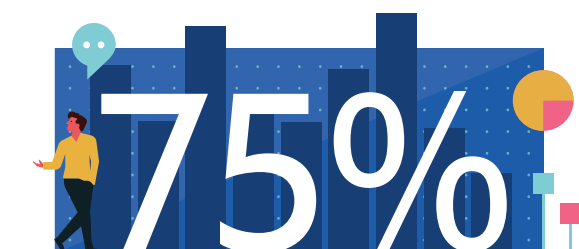
(identified as a top-two benefit by 32% of respondents), increased market share and competitiveness (30%), increased customer lifetime value (29%), and even greater profits (23%).

A significant number of organisations are putting customer feedback and opinions at the heart of decision-making in many areas of the business. Product design and innovation is the area of decision-making where customer input is most likely to be fully integrated (40% of respondents say that this is the case at their organisation), but customer sentiment is also increasingly integrated into firms' decision-making on marketing and sales priorities, values and corporate social responsibility, and technology investment priorities.

Significant barriers stand in the way of optimising the business model for greater customer-centricity. Though the survey suggests strong support from senior leadership, firms are put off by internal budgetary and financial constraints, as well as ever-changing consumer preferences that can make it hard to know where to direct resources. Research findings suggest that better alignment of company resources with customer expectations could help with the former, while deeper insight into customer behaviour and preferences with the latter.

The stakes are high, as most see customer-centricity as vital to future competitiveness. Respondents overwhelmingly agree that businesses that do not include customers in innovation processes—not just frontline customer service—will fall behind. Half of the executives surveyed strongly agree that this is the case.

Technological leaders tend to be customer-centric leaders, too. The survey shows a strong correlation between how well an organisation believes it has adapted to various recent technology trends and its preparedness for customer-centricity.



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INTRODUCTION

Keeping up with the customers

Struggling to keep up with more demanding and discerning customers, businesses recognise a growing need for structural change and a shift in organisational mindsets

What do our customers expect and want? How can we see our company through their eyes? How might we better organise our resources to more closely match their needs, exceed them where possible, and win their long-term loyalty?

These are by no means new questions for business leaders, of course. But they are being asked with a new sense of urgency in boardrooms around the world. In a 2017 survey of marketing executives conducted by IT market research company Gartner, more than two-thirds of respondents said that their organisations compete primarily on the basis of customer experience. More than four out of five (81%) expected to be doing so by 2019.¹

Executives tend to cite digital technology and digitally native competition as the ultimate cause of rising expectations.

First, as digital technologies have increasingly enabled businesses to offer slicker customer experiences—simpler, more immediate, better tailored to individual needs—digital pioneers such as Amazon, Uber and Netflix have set new standards, transforming notions of what speed and convenience should look like.

At the same time, those same technologies have given consumers greater democratic powers. Online, choice abounds, and customers are able to easily research and compare products and services, browsing frank customer ratings and reviews, making

the competition always a click away and the inertia of brand loyalty less reliable. We shop in-store or online at our convenience, and expect firms and customer service agents to be able to straddle these different “touchpoints” seamlessly.

In a global study of consumers conducted by management consultancy PwC, one in three (32%) said they were willing to walk away from a brand they love after just one bad experience.² They may also go public with their grievance, using online review sites and social media to share disappointing experiences with others, potentially leading to more lost customers and sales.

Great expectations

There is growing pressure on firms of all kinds to develop a more customer-centric approach to all aspects of business, and businesses have struggled to adjust their operations to cope with rising expectations. This is confirmed in a survey of senior executives conducted by The Economist Intelligence Unit and sponsored by Salesforce.

Survey respondents overwhelmingly agree that their business has been impacted in the past five years by a greater need for customer-centricity, with nearly half (49%) of all business leaders surveyed describing this impact as “significant”, and a further third (32%) as “moderate”.

This effect is felt most acutely in the energy and retail sectors, and the least in the media, publishing and entertainment industry (see

¹ <https://www.gartner.com/en/marketing/insights/articles/key-findings-from-the-gartner-customer-experience-survey>

² <https://www.pwc.com/us/en/advisory-services/publications/consumer-intelligence-series/pwc-consumer-intelligence-series-customer-experience.pdf>

chart). Despite extensive business model disruption, the latter industry has always been led by the tastes and preferences of audiences, and therefore the impact here has been less pronounced.

The energy industry, by contrast, is typical of a sector not associated with strong customer ties now being transformed: the rise of smart metering and pressure from new entrants in many markets has forced a new focus on customers as a means of differentiation. Customers want to choose when and how they pay their bills, expect more intelligent and bespoke tariffs, to know where their energy is coming from, and expect immediate, responsive and personal customer service through the medium they prefer—be it a chatbot or phone operator. In retail, meanwhile, a general shift away from high-street stores and onto online channels has had a similar effect.

Action, not words

Across all industries, however, respondents recognise that becoming more customer-

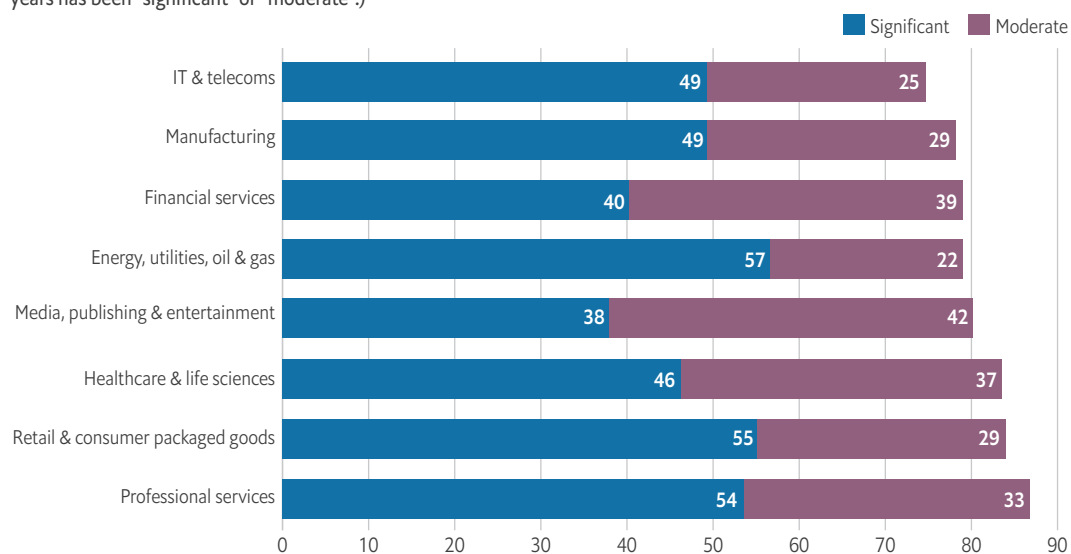
centric takes more than just lip service and good intentions. It demands effort and investment. Three-quarters (75%) agree that their organisation will need to make significant changes to keep up with customer expectations. Some of these changes will be structural; others will be cultural, requiring fundamental shifts in thinking.

Rick Hasselbeck, chief commercial officer at white goods maker GE Appliances, describes the required mindset as being customer-first. “In the past, like many businesses, we were a very inside-out organisation,” he says. “We made internal decisions about our products and services and then hoped that the results appealed to customers.”

But in recent years, he continues, the company has shifted instead to an “outside-in” mindset, based on exploring the needs, preferences, opinions and motivations of the people who buy and own its dishwashers, fridges and so on, and then organising its business activities around its findings.

Figure 1: Impact of customer-centricity by industry

(% respondents, by industry, reporting that the business model impact of a greater need for customer-centricity in the past five years has been "significant" or "moderate".)



Source: The Economist Intelligence Unit.

Companies such as GE Appliances have benefited by letting customer opinion and feedback assume a greater role in their research and design decisions. That approach has been most apparent in the success of the GE FirstBuild platform, for instance, where new product ideas are crowdsourced from a deeply-engaged online community.

This shift in thinking began before GE Appliances was acquired by Chinese company Haier in 2016, Mr Hasselbeck explains, but is very much in step with the new parent company's own "Zero Distance" strategy, which also calls on employees to prioritise internal actions and decisions according to customer needs.

"We're thinking deeper and harder about the ownership experience than ever before," says Mr Hasselbeck. "For us, the boss isn't somebody on the inside of our organisation. It's the person who makes a significant investment when they buy an appliance from us, who disrupts their own home to accommodate that appliance, and who wants it to provide them with good service for years to come."

According to Haier's annual report for 2018, GE Appliances increased its market share by 3 percentage points during the year, despite a general downturn in the US household

appliances market, which executives at the parent company attribute to effective replication of its customer-first philosophy at GE Appliances since the acquisition.

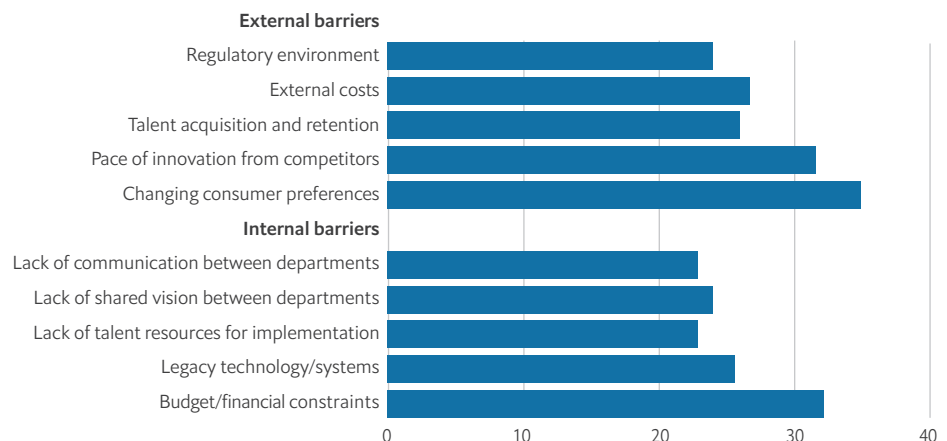
Despite the effort and resources involved in achieving greater customer-centricity, respondents expect the rewards to be worth it. When asked about the biggest benefits, the top answer is a better alignment of resources with customer expectations, cited by almost one in three (32%) of respondents, implying greater efficiencies and "product/market fit". Companies are looking to better orchestrate the design, marketing and selling of products and services around what customers tell them they want and need.

But respondents recognise a number of financial benefits, too: increased market share and competitiveness (30%), increased customer lifetime value (29%) and greater profits (23%).

The challenge for business in seizing such benefits is not in an absence of buy-in from senior leadership or, it seems, in uncertainty over what action to take. Primarily, executives surveyed cite the pace of change, and their organisations' lack of resources to adapt accordingly, as the biggest barriers to a more customer-centric model (see chart).

Figure 2: Organisations cite pace of change and lack of resources to adapt as top barriers

What would you say are the biggest external and internal barriers to optimising your business model to become more customer-centric? (Respondents could select up to two for each.)



Source: The Economist Intelligence Unit.

CHAPTER ONE**Listening to the voice of the customer**

The first step in becoming more customer-centric is to understand what customers want

In late 2018, when former Intel chief executive Brian Krzanich took the helm at CDK Global, a provider of enterprise software for car dealerships, one of his top priorities was to uncover the reasons behind a falling customer retention rate and a poor Net Promoter Score (NPS). The NPS is a customer experience measure based on the percentage of customers who say they would recommend the company's product or service to others.

It soon became clear to him that, for some time, dating back to its 2014 spin-off as an independent company from payroll specialist ADP, CDK Global's leadership had been highly focused on internal measures around cost and profitability, and not enough on its customers. "Customers had suffered, and there was a lot of frustration," he says.

"I spent a lot of time in my first few months visiting dealerships, spending time with their owners. And what I consistently heard was, 'We don't see CDK as a partner. Your business sells me a product, you implement it and then you go away—and the next time we see you is when it's time to renew our contract and you want to talk about pricing. But you're just not helping me to run my business.'"

That was the catalyst for Mr Krzanich and his team to make a start on building a more customer-centric model, in direct response to the frustration they were hearing. At the heart of this model is a new "customer success" team of between 80 and 90 people, currently being recruited for deployment this year, who will make regular visits to customers. This

team will talk customers through recent key metrics for their business (sales and service revenue growth, advertising spend, how their performance compares against the industry average for their region, and so on), as well as make suggestions as to where and how improvements might be made.

Mr Krzanich has also extended CDK Global's customer support hours by 30%, in order to better cover the weekends and holidays when car dealerships are at their busiest and can least afford to experience software problems. In addition, sales executives at the company are now compensated not just on new sales, but also on retaining existing customers.

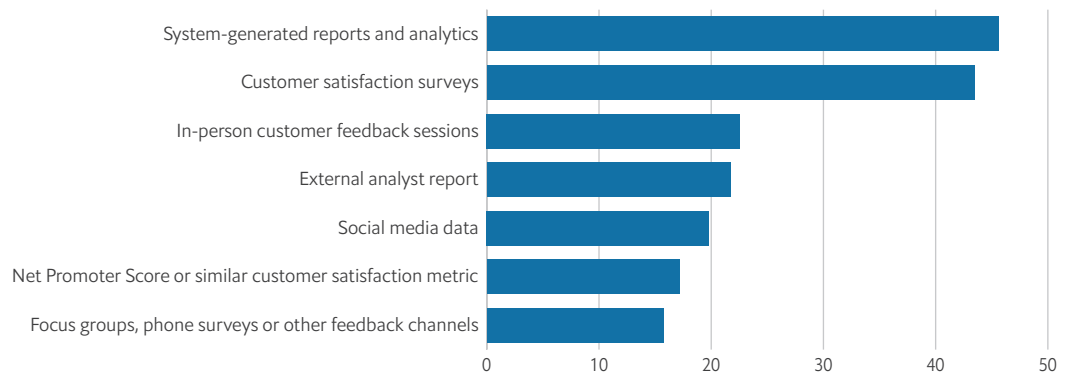
It's still too early to say what the impact of these changes will be, Mr Krzanich acknowledges. But, he adds, "A year from now, I want to see that customers are using our software more, that they're more productive as a result and that they're making more money. If we're able to see these things, then that will be the best validation of our success in putting them first—because if our customers win, then we win too. It's as simple as that."

All ears

Customer experience begins with an understanding of customer wants and needs. The survey shows that practically all companies (98%) already use various methods to capture information that helps them evaluate customer experience (see chart on next page). Some of this information is quantitative in nature, some qualitative—and both are important to well-rounded market research.

Figure 3: Primary measures respondents report using to evaluate customer experience.

What are the primary measures you and your function use to evaluate customer experience? (Respondents could select up to two responses.)



Source: The Economist Intelligence Unit.

In the survey, the most popular source of information is system-generated reports and analytics, used by 46% of respondents. These are a valuable source of quantitative data relating to revenue, customer retention, cart abandonment, account growth and so on.

The sector showing the highest usage of this kind of data (60%) is energy, utilities and oil and gas. This is perhaps not surprising, given that industry's reliance on data from meters to measure customer consumption and charge for it accordingly. The sector with the lowest use of system-generated reports and analytics is healthcare (31%), where paper-based records and handwritten notes are still widely used in clinics and hospitals.

Qualitative feedback, meanwhile, including customer satisfaction surveys and in-person customer feedback sessions, supplies the more "human" side of customers' experience, giving insight into emotions, attitudes and motivations and enabling companies to hear first-hand the authentic voice of the customer.

At GE Appliances, Mr Hasselbeck points to a newer form of customer experience data that has huge potential value to manufacturers: data from smart, connected devices and

machines, enabled by Internet of Things (IoT) technologies, which continue to stream information back to the manufacturer once customers have installed them.

"Since around 2012 just about every product we make is Wi-Fi connectable. That means, in many cases, that we have data for an appliance that tells us about its usage, about its condition, about what settings are used the most, when it needs servicing."

This, he says, increasingly informs product design at GE Appliances. "If we know what settings you're using and not using on a coffee maker from our new Café brand, that can help us think about future designs—because why put technology into a product that nobody wants or uses?"

To sum it all up

Regardless of where it originates, all this information and data need to be aggregated in order for a company to achieve a holistic view of the customer. This can be understood as an all-encompassing profile of each individual that includes their contact details, order history, and billing and payment details, as well as responses to customer satisfaction surveys,

“If we know what settings you’re using and not using... that can help us think about future designs... why put technology into a product that nobody wants or uses?”

– Rick Hasselbeck, chief commercial officer, GE Appliances

relevant social media posts and so on. In other words, companies are looking to establish a “big picture” view of all a customer’s interactions with it, across different brands, products and channels.

Respondents indicate that they believe they have achieved this holistic view in their organisation. More than a third (35%) describe their view of the customer as “very holistic”, while 42% describe it as “somewhat holistic”.

This may be over-optimistic. A holistic view of a customer implies the ability to tie together every interaction a customer has with its brand, across any and every channel. In theory, the effect for customers is that, in every interaction a customer has with different employees and departments within that business, they will be recognised, the context of their query or issue will be understood, and they will experience seamless hand-offs between employees on complex journeys, such as submitting an auto insurance claim or reporting a problem with their internet service.

Connected journeys like this, however, are still not as common as customers would like. Although firms may report solid and comprehensive customer understanding, the organisational overhaul required of companies is profound, as fragmented organisations strive to bridge siloes and disparate infrastructure to meet demand.

CHAPTER TWO

Closing the feedback loop

Companies are increasingly putting customers into the driving seat, integrating feedback into core decision-making

To achieve true customer-centricity, opinions and feedback must form the basis for decisive action. And herein lies a common problem with corporate efforts to become more customer-centric: they are often confined to frontline customer service and support staff who deal with customers on a day-to-day basis.

While these frontline employees are undoubtedly very important, a truly customer-centric organisation incorporates customer feedback into decision-making right across the business.

After all, customers typically form their impression of a product or service not from a single point of contact, but through multiple interactions with an organisation. It might begin, for example, through exposure to advertising or the experience of browsing the organisation's website when researching a product. The design of products is important, as is the experience of making a purchase, regardless of channel. Customer service and support matters, of course, but this typically comes further down the line.

This means that a wide range of functions across an organisation must take responsibility for delivering the best customer experience at every stage of a journey and requires all parts of the organisation to get involved.

Too often, corporate efforts to become more customer-centric are confined to frontline customer service and support staff who deal with customers day-to-day.

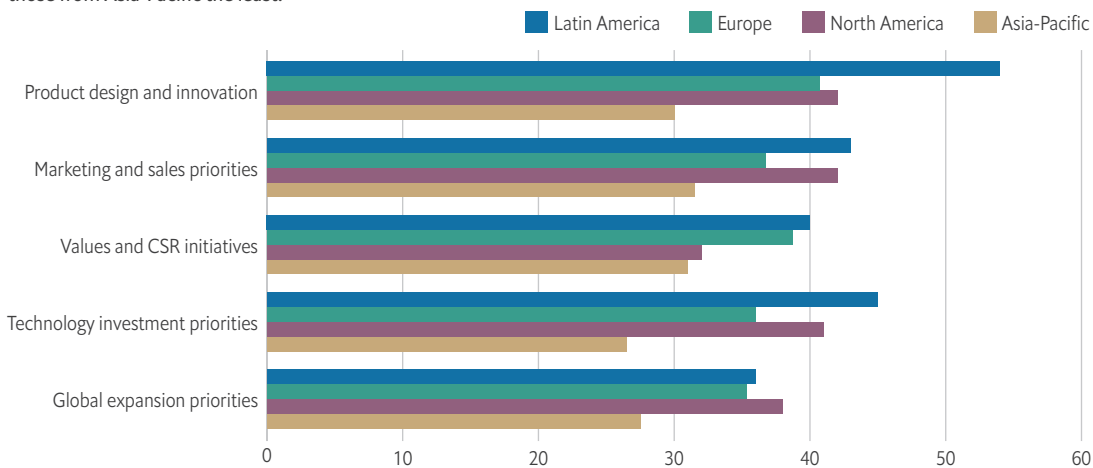
The survey shows that many companies already integrate customer opinions and feedback into decision-making in many areas of the business. Product design and innovation is the area of decision-making where they are most likely to be fully integrated: four in ten respondents say that this is the case at their organisation, while almost the same proportion (38%) describe customer feedback as moderately integrated.

Comparing leaders and laggard segments of the survey sample, leaders—identified by their perceived success in adopting to a number of technological trends—are much more likely to integrate customers fully into various measures of decision-making (see chart on page 14). For instance, 59% of leaders say that they fully integrate customer feedback into product design and innovation—nearly double the number of laggards (32%).

This approach has paid off to impressive effect at Xiaomi, a Chinese firm that has in recent years grown from being a marginal player in the Asian smartphone market to become a globally recognised brand and the world's fourth largest smartphone manufacturer in terms of market share.

Figure 4: Customer-directed integrated transformation

Percentage of respondents who report that their organisation "fully" integrates customer opinions or feedback into the following aspects of its decision-making. Latin American respondents reveal the greatest tendency towards integrating customers, and those from Asia-Pacific the least.



Source: The Economist Intelligence Unit.

A crucial element in the nine-year-old company's success has been its MIUI forums, named after the company's mobile operating system, where some 10m registered users of its products give regular feedback on new product releases, submit their own ideas for new features and functions, and raise issues with existing ones.

"We owe so much of our success to our fan base and their ideas, and members of our leadership team, as well as many of our employees, visit the forums every day to see the best ideas and to incorporate them into our product as quickly as possible," says Xiang Wang, Xiaomi's senior vice-president.

"From the very start of the business nine years ago, our CEO Lei Jun wanted to create a company with the customer at its centre, so before Xiaomi even had any hardware to offer, he worked with 100 beta testers on delivering our operating system MIUI," he says. That built a strong foundation for how the company would proceed on innovation.

Today, once the most pressing customer requirements for the next release have been

identified, Xiaomi publishes these on the forums and they are put to the vote by users. Those that receive a particularly enthusiastic response are sometimes incorporated into the software in as little as a week, Mr Wang says.



report that their organisation fully integrates customer feedback into product design and innovation

"This way, we build products that users are asking for but we also create awareness and engagement around product development in a way that makes our customers passionate about what we bring to them," he says.

This co-creation model will doubtless guide Xiaomi's thinking as it increasingly brings smart devices to market, including robot vacuum cleaners and smart toothbrushes. The company now has over 170m of these smart devices (excluding smartphones and laptops) connected to its IoT platform, and will be able to leverage insights from such customer usage data to direct product design. Already, customers are using dedicated threads on Xiaomi's forums to discuss these products, leading to new opportunities for product design ideas.

"In many cases, these are very much lifestyle products, so of course we want and need to truly understand our customers' lifestyles and what we can do to make them better, more enjoyable," says Mr Wang.

Let your customer be your guide

A close customer relationship helps Xiaomi and other businesses not just with design features or short-term customer needs, but longer-term technology investment priorities too. More than a third of survey respondents reported customer input to be fully integrated into such decision-making, and the integration of customer input in technology investment decisions has grown more over the past five years than in any other area, with 84% of respondents saying that it has increased "significantly" or "somewhat".

At AXA Insurance in Singapore, former chief customer officer Leo Costes says that the company has made significant investments in technology in recent years, in support of its goal of becoming more customer-centric.

"What I've learned is that the work of getting closer to the customer is really a transformation journey. In the past, the insurance industry has not been known

for being close to the customer and the customer hasn't been part of the full product development lifecycle," he says. "These are things that we are trying to change and technology is a vital part of that."

The traditional insurance journey for customers has typically been slow and heavily paper-based, but they are actively looking for more digital ways of interacting with providers, more convenience and more personalised pricing. In order not to lose them to newer fintech providers who have focused on these things from the start, insurance companies need to change. And a big obstacle to change for many is the legacy IT systems on which they run.

At AXA Insurance, says Mr Costes, the focus has been on moving away from inflexible, siloed back-end systems towards a more modern, agile architecture based on microservices—components of code that represent different touchpoints in customer journeys. These microservices can be combined with each other to quickly and efficiently build new digital services and expand the scope of existing ones. Application programming interfaces, meanwhile, enable these microservices to communicate with each other and with the back-end systems of both those belonging to AXA Insurance and those belonging to key partners.

UK-based banking service Monese, meanwhile, has integrated a "translation as a service" platform from Lisbon-based tech start-up Unbabel with its own customer support platform, so that it can handle enquiries from customers in a range of different languages.

That's important, explains Monese's CEO Norris Koppel, because when he launched the mobile banking service in 2015, it was with

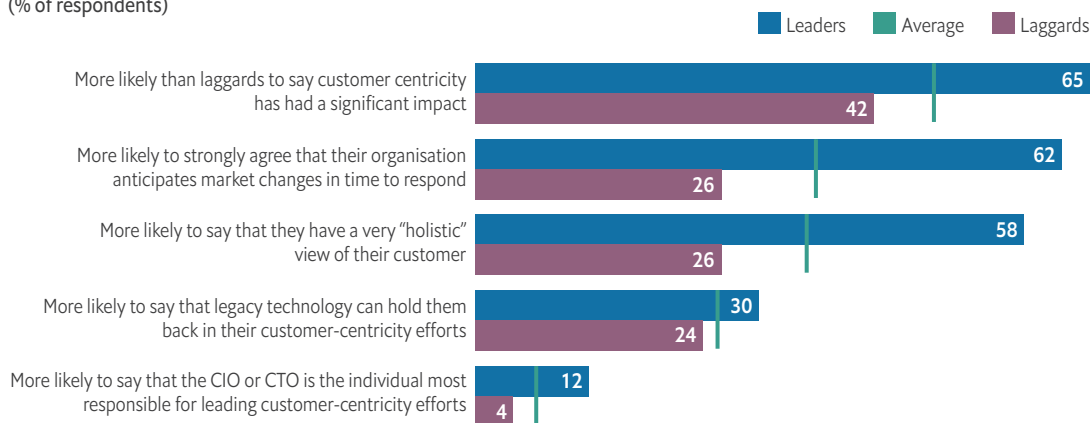
the initial aim of helping newcomers to the UK access banking facilities. This is something that many high-street banks made difficult for visiting students and those who live and work abroad without established UK addresses.

So far, over 1m people have signed up to Monese. The service is available in 12 languages and 60% of users don't use the app in English. When they have questions or issues, they want to interact with Monese in their own languages, so incoming customer communications, in the form of emails or chat messages, first pass through Unbabel's platform, which translates them and passes them on to a Monese customer agent. Their response, meanwhile, also passes through this platform on the way back to the customer, so they receive the response in their own language.

"It's a really important aspect of our mission to provide customers with 'banking without borders' and we find that it makes them incredibly loyal to us," says Mr Koppel.

Technology investments in pursuit of increasingly more sophisticated customer experiences look set to continue. In fact, more than four out of five respondents (83%) agree that businesses that are not including customers in innovation processes will fall behind, with 50% strongly agreeing that this is the case. Technological leaders tend to be customer-centric leaders, too. The survey shows a strong correlation between how well an organisation believes it has adapted to various recent technology trends, compared with its industry peers, and its preparedness for greater customer-centricity.

Figure 5: Characteristics of digital leaders
 (% of respondents)



Source: The Economist Intelligence Unit.

CHAPTER THREE

Forging a new culture

Across function and rank, customer experience is everyone's job

At KLM Royal Dutch Airlines, the Customer Experience Committee meets every two weeks. It is chaired by Boet Kreiken, the airline's executive vice-president of customer experience, but it also brings to the table a wide cross-section of key leaders from across the business. This group includes the airline's president and CEO Pieter Elbers and its chief operating officer Rene de Groot; its heads of flight operations and in-flight services; and representatives from the airline's finance, digital and commercial sales teams.

Topics discussed by this group are wide-ranging, according to Mr Kreiken. At a recent meeting, they included KLM's social media strategy—in particular, how they were reaching customers on Instagram, where it has 1.2m followers—and plans to introduce immigration pre-clearance at Amsterdam's Schiphol airport for passengers flying to the US, so they can skip the immigration queues when they reach their destination.

The committee also talked about creating more seamless digital integrations with partner airlines, so that a passenger using the KLM mobile app, for example, could use it to select their seat on a flight operated by Delta Air Lines, and vice versa. Finally, they considered how recent academic research into human behaviour might be relevant in forming strategies for managing different types of customers when they face disruption. "That was a kind of unusual one for us," Mr Kreiken acknowledges.

While Mr Kreiken has his own management team, which holds its own, more frequent

meetings, the Customer Experience Committee ensures a high awareness of the airline's main customer experience priorities, projects and goals across the entire organisation.

Above all, it sends a powerful message to the 33,000-strong KLM workforce that customer experience is part of everybody's job, in keeping with the company's stated mission to be "the most customer-centric, innovative and efficient network carrier in Europe," says Mr Kreiken.

The survey suggests that senior leaders are generally likely to be interested and engaged in the matter of customer experience. When asked about the biggest internal barriers to optimising the business model for customer-centricity, relatively few respondents (15%) cite lack of executive-level leadership.

A key part of executive leadership should be empowering employees to make decisions for the benefit of the customer, says Greg Jackson, CEO at energy industry challenger Octopus Energy. Although the company is only three years old, it was chosen last year by UK retail company Marks & Spencer to deliver its M&S Energy business, when the retailer's previous arrangement with Scottish and Southern Electricity, one of the UK's "big six" utilities companies, came to an end.

Mr Jackson set up the business in direct response to his own poor experiences as an energy-company customer. "From the start, I knew that employing well-paid, motivated and informed people, who know they are empowered by management to take decisions and actions to improve a customer's

experience, was just a better business proposition," he says.

"People like that we will solve a customer's issue on first contact around 95% of the time, which is good for the customer and good for the company. The customer must come first, of course, but there are significant cost savings to be had from having happy customers, rather than dealing with disappointed, frustrated ones, who need to contact you multiple times and, through no fault of their own, end up costing you a fortune."

"Employing well-paid, motivated and informed people, who know they are empowered by management to take decisions and actions to improve a customer's experience, [is] just a better business proposition"

– Greg Jackson, CEO, Octopus Energy

CONCLUSION

All change

Keeping up with customers is a process without end

This report has shown that reorganising a business around the needs and expectations of today's customers involves a great deal of work.

Executives are required to radically rethink internal business processes—how they allocate resources, motivate and reward employees, and measure achievements—in a manner that requires not just system change and technological investment, but significant cultural and mindset change.

Most organisations view this as an evolution, a work in progress. It is arguably work that will never be completed. But what leading organisations share is an understanding and a vision of what customer-centricity should look like. In short, executives at a customer-centric organisation:

See their organisation through the customer's eyes. They are aware that customers judge companies on end-to-end journeys, not just individual touch points, and

work to identify any potholes, roadblocks or detours along the way.

Keep careful watch over what customers say and do. The customer-centric organisation is an avid consumer of customer-related data. It's used to identify customer needs and build products and services that meet them. It's used to deliver better experiences: smart, speedy, compelling. It's used to pinpoint sources of dissatisfaction and tackle them head-on.

Empower employees. While it's important for executives to model customer-centric thinking and behaviour for the rest of the workforce, employees must have the freedom and scope to make sensible decisions about how customers might be best served by the organisation. Incentives, rewards and bonuses are closely linked to customer satisfaction.

Enact high-level, strategic change.

Customer experience efforts confined to frontline staff or left to disparate and siloed departmental initiatives are not sufficient, and risk undermining the larger objective.

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