



Customer Centricity for Profitable Growth

Dr. Kamel Jedidi

Professor of Marketing,
Graduate School of Business,
Columbia University, New York



Professor of Marketing, Graduate School of Business, Columbia University, New York

Business world has seen a lot of changes during the last few years due to many reasons. Companies can grow and progress using many different strategies such as mergers, innovations, acquisitions and most importantly, customer centricity. Today, more and more businesses are focusing on the customer centricity after realizing its massive impact on their business as it offers competitive advantage and sustained and profitable growth. However, customer centricity is a very complex and difficult strategy to master as it presents myriads of challenges to the entrepreneurs.

What is Customer Centricity?

Many people take customer friendliness and customer centricity as one and the same thing but in fact, they

slightly differ from each other. Customer friendliness is a good strategy but most often, it is not a very sustainable one. There are two aspects of inexhaustible literature available about customer centricity. One aspect is the value creation or customer friendliness and other is the capturing this value or treating customers as an asset

Therefore, it can be rightly said that one part of customer centricity is indeed customer friendliness or creating a delightful value or experience for the customers. The other part is value capturing as mentioned above. It is just like loving your customers and in response, being loved by them. This is actually a win-win situation because you make your

customers happy and change their lives. In response, they keep coming back to you allowing you to maintain sustainable growth.

It is necessary for customer centric firms to not only understand what customer values but also the value customer represents to their bottom line. For your business to be successful, you have to believe in creating and then trying to capture value back from right customers. It is especially important for

organizations working in very competitive markets such as auto insurance industry to care for the

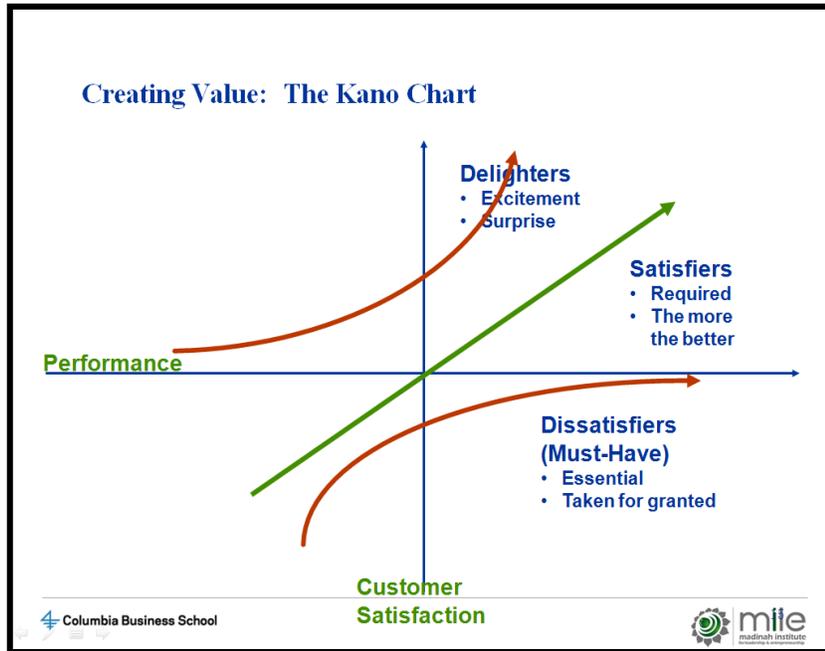


interests of the customers if they want to succeed. Such markets are not very profitable and only option for them is to attract as many customers as possible by creating some real value for them that other companies are not offering. There are many companies in this industry, most important of which is Progressive, which has maintained a good balance between value creation and value capturing and thus are making good profits.

How Much Value to Create?

Creating value for customers will definitely help any organization to retain existing customers and attract new ones. However, the company should also determine how much value it should create for the customer. For example,

Hoover offered two free air tickets to USA back in 1993 to anyone who would buy their products at least worth \$5000. Obviously, it was a



very generous offer and almost 200000 people took advantage of this offer resulting in \$1 million loss for the company.

Although, Hoover created a lot of value for the customers but perhaps, they crossed the limit while doing so and this is really what makes customer centricity a really complex concept to understand. The customer centric companies have to determine how much value they have to create that proves to be beneficial for customers but does not

destroy the value for the company itself in the long run.

Creating the Customer

Advocate:

Creating customer advocate is another aspect of the business that most of the companies ignore. Again, the process of creating customer advocate starts from creating value for the customers. If you really want to

attract new customers and retain existing ones, your products or services should offer them a good value or provide long term solutions to their problems. In other words, you need to improve your own performance while catering to the needs of the users.

Following is a Kano Chart that represents the relationship of your company's performance with different types of customers using your products or services.

- **Listening to the Customers:**

If you want to create some real value for your customer in a hope to recapture it in the long run, you also have to listen to what they are saying or what they need. Similarly, companies should also pay attention to the customers' feedback and try to improve their performance and enhance the standard of their products or services accordingly. No matter how good your product is, it will not create any value for the customers if it is useless for them. Companies which do not pay heed to the demands and feedbacks of their

- **Testing and Learning:**

Testing and learning is another part of creating customer advocate. Companies need to introduce intuit offers such as adding a toll free number for customers to call at any time if they have any problem, adding a new feature that is equally helpful to majority of the customers and figuring out how they can provide all these services within the retail price of the product. Secondly, it is imperative for the companies to make their systems easy to use and ensure that they provide excellent customer services. Companies need to consider

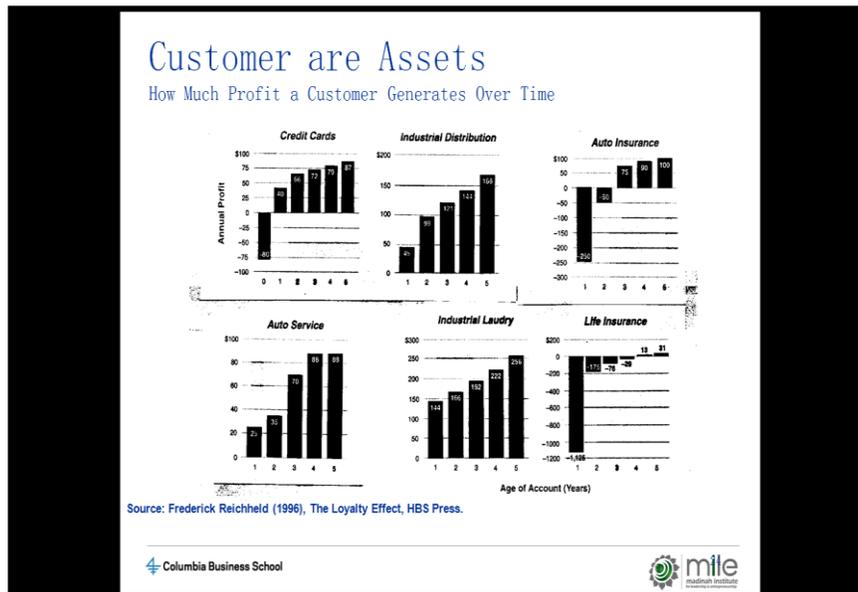
the lifetime value that matters most to them.

- **Observing:**

Observing the market and what competitors are doing will also enable companies to create the values that customers love to capitalize on. Similarly, companies also need to make the value they create acceptable to all the customers that is; it should be equally convenient for all of them and should not create problems for one or two customers while benefiting others.

Rewards for Customer Centricity:

Customers are not doubt the



customers are very likely to lose them and in turn, lose much of their business.

customers as their true assets and must not leave any stone unturned to create

asset for any organization and therefore, a customer centric approach will help a



company to earn rich rewards with the passage of time. Following is an illustration explaining how much profit customers generate for the company over time.

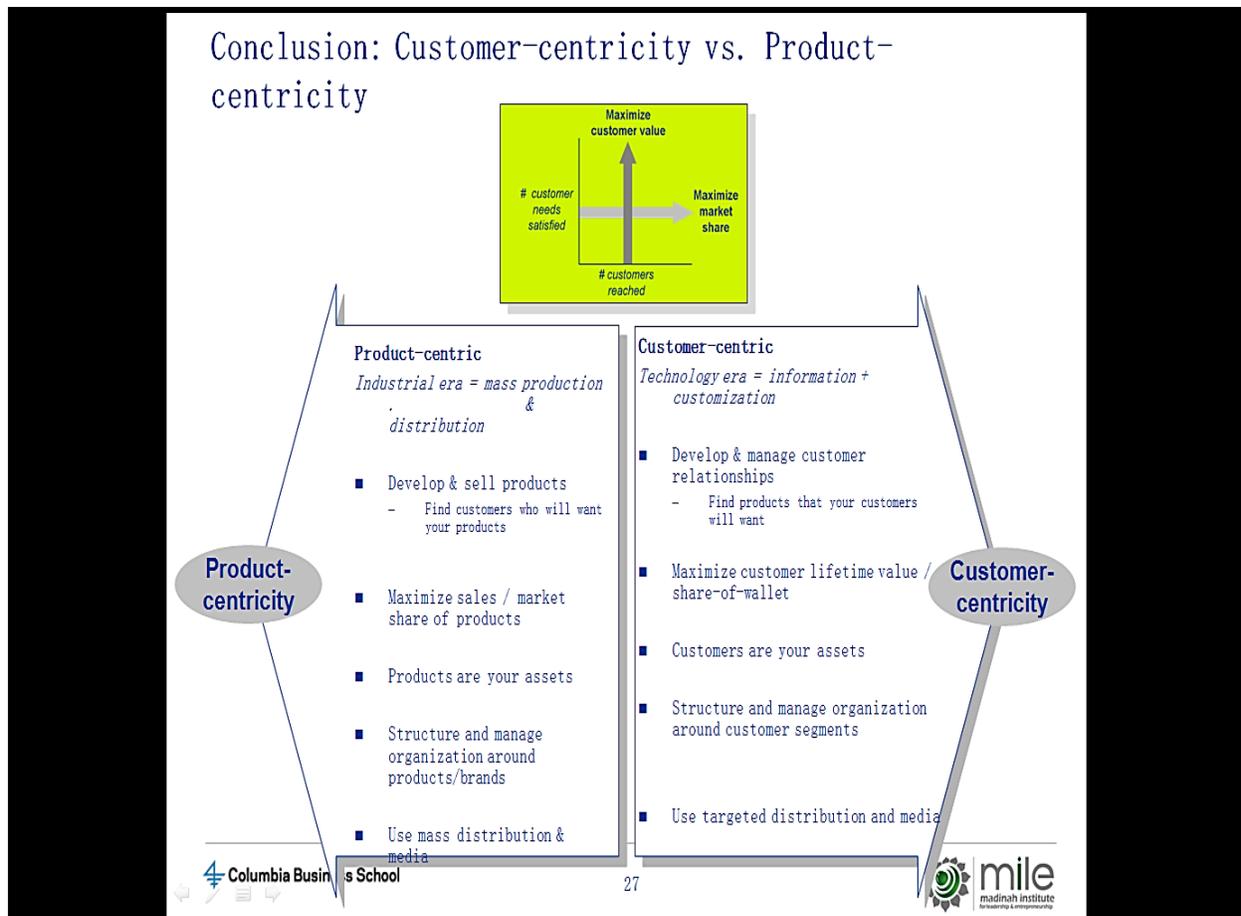
Customer Centricity versus Product Centricity:

There are a lot of differences between customer centricity and product centricity. While the earlier is an approach

that does not care for the interest of the customers, product centricity is all about looking after the interest of the customers, creating value for them and then improving your profits by recapturing that value in the long run. Finally, there is not denying of the fact that customer centricity is a win-win strategy that benefits both the company and customers. Following figure highlights some main

differences between product and customer centricity.

This is the summary of the webinar, "Customer Centricity for Profitable Growth" by Dr. Kamel Jadidi, Professor of Marketing, Graduate School of Business, and Columbia University, New York.





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Below is the link of MILE blog where you can find Dr. Kamel Jedidi's webinar video:

<http://blog.mile.org/customer-centricity-for-profitable-growth/>



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