

CUSTOMER CENTRICITY 2.0

By Shiv Joshi

Like all business paradigms, customer centricity is getting redefined. Today, it is all about sensing consumer demand at a granular level in real-time and aligning all functions to seamlessly meet it

Former executive chairman and CEO of Cisco John Chambers has warned that as many as 40% businesses may not exist in a meaningful way in the next 10 years if organisations fail to make customer centricity a part of their DNA. The good news is most retail companies understand the need. The bad news is that they fail to understand its urgency.

THE RIGHT TIME IS NOW

Customer centric approach is an imperative...today. "Never before in history have we had access to the level of data we do today. We are also witnessing unprecedented levels of competition, both from national as well as international quarters. These factors combined have made it imperative that retailers listen to what customers want and react to their needs. Customer centricity is a key theme in today's retail. The companies that focus on their customers today, are going to be the ones who can retain customers



tomorrow," says Rafique Malik, Chairman, Metro Shoes sharing his views on the subject.

Ramanathan Hariharan, Group Director & Board Member, Landmark Group agrees. "Retail is undergoing a transformation with technology playing a critical part in customer understanding and fulfilment. In this connected world, customer shopping behaviour is undergoing a

transformation, which brings newer challenges. In such a world, values and valuations have to be redefined, making customer centricity even more important than ever before," he says. Ask any number of leaders heading thriving businesses and they will agree.

What they may not tell is that like every other business paradigm, customer centricity is getting



redefined too. Today we require customer centricity at a whole new level – hyper customer centricity.

Hyper customer-centricity involves sensing real-time demand at a granular level. It brings the customer into sharper focus through the use of advanced data analytics and smart technologies to track and anticipate consumer behaviour in near-real time and deliver personalised products and



experiences when, where and how the customer wants them.

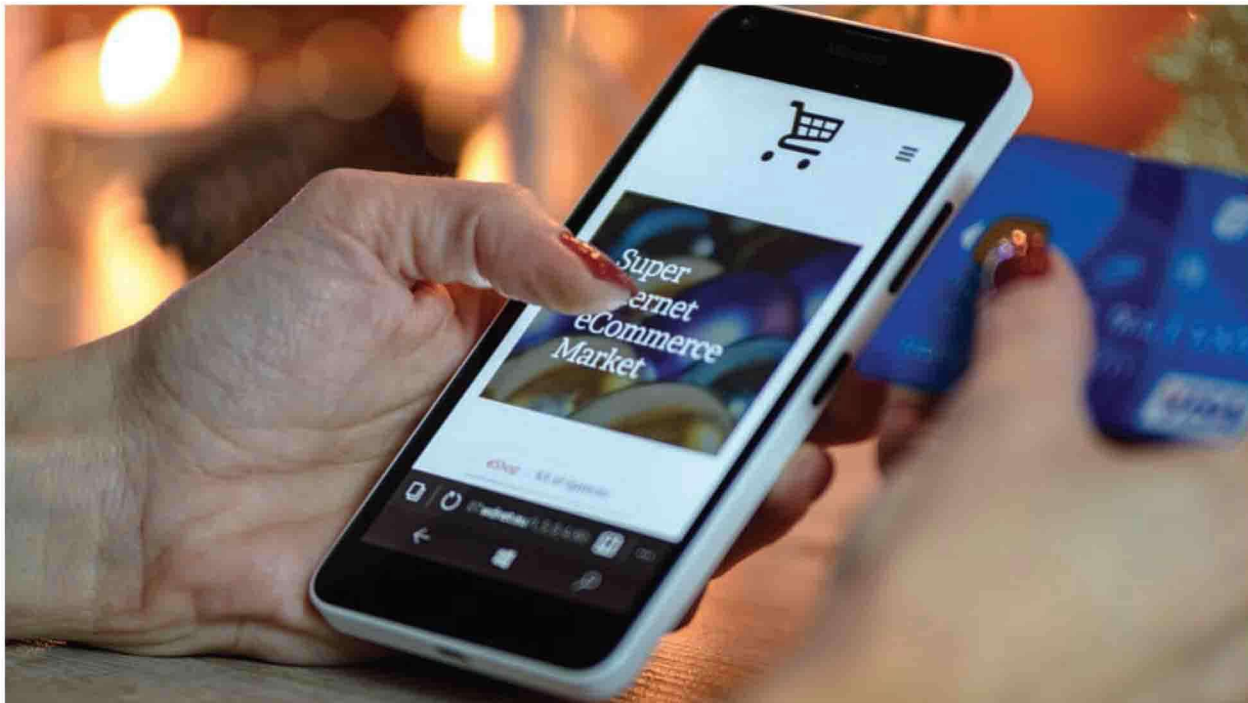
THINKING DIFFERENTLY ABOUT CUSTOMER BEHAVIOUR

The first step in getting closer to customers is rethinking how to use data and analytics for deeper customer insights. According to Bill Nowacki, Managing Director, Data & Analytics, KPMG in the UK, best-in class companies are going outside their CRM systems to learn about their customers by developing more finely-grained data about their customers, including their non-spend characteristics.

He cites three types of data that world-class consumer companies need to harness to explain how and why a customer acts throughout their shopping journey: circumstantial, situational and demonstrated

behaviour data. Circumstantial data is about knowing, for example, that the customer is an empty-nester who no longer needs to buy as much milk because the kids have grown and have left the house. Situational data helps you understand that the customer drives past your store every day on the way to work and sometimes comes in. Demonstrated behaviour data tells you that the customer goes online to order ‘click-and-collect’ purchases from the store but sometimes prefers to make in-store purchases instead.

Companies need to gather and analyse as much circumstantial, situational and demonstrated behaviour data as possible so they can start to understand the motivation for why, when and how a consumer makes a purchase decision at any given time. “Brands



► Brands are going to excel at culling insights from sources they own as well as the ones they don't

are going to have to excel at culling these insights from sources they own, as well as sources they don't," says Nowacki.

EMPLOYING SMARTER ANALYTICS

To gain greater customer knowledge, the companies surveyed by KPMG said they would be investing significantly in smarter analytics and technologies. While 30 percent of surveyed companies reported that they are using data analytics today, that number doubles to 59 percent over the next two years. The use of predictive analytics is also expected to double from 24 per cent to 49 per cent. Other analytical tools targeted for fast growth include real-time tracking systems, scenario modelling and stress testing, and



micro-targeting capabilities.

One company taking analytics to the next level is The North Face, a US-based outdoor clothing, equipment and footwear manufacturer. The company utilises artificial intelligence technology to make it easier for online shoppers to find the right jacket choices among the thousands of SKUs on its website, which offers a buyer an experience that feels more like a human sales associate is helping them choose a jacket.

In addition to utilizing cognitive analytics, Jeanne Johnson, Consulting Partner at KPMG in the US, believes that companies should concentrate on customer path-to-purchase analytics to find their place in the omni world. "By

paying close attention to customer path-to-purchase mapping, consumer companies will be able to understand emerging shifts in customer dynamics,” says Johnson. “In some cases, consumers are moving faster than we expected. They are drawing on new channels, new methods and new paths to purchase. And some are moving as slowly as they were before. The risk is thinking that everybody is moving at the same pace. They are not; and path-to purchase analytics will help guide their judgment.”

Over the next two years, companies will be increasing their use of advanced analytics to achieve customer priorities such as: creating relevant, personalised customer experiences, optimising distribution and cost-to-serve, and improving demand forecasting. In addition, almost double the number of companies will use analytics to get an integrated view of their customers and to improve customer demand shaping and sensing.

PUTTING A LASER FOCUS ON THE CUSTOMER

Today’s corporate priorities are centred squarely on the customer. The executives who took part in the survey rated sustaining customer loyalty, improving customer service and experience and building customer trust as their top three priorities, with each being a priority for nearly a third of respondents. Just behind, in fourth place, 29 percent of executives said that enhancing



OMNI-CHANNEL MODEL



OMNI-BUSINESS MODEL

► While omni-channel (R) involves seamless integration across sales channels, the omni business model involves seamless integration of all functions, enabled by digital technology, with the customer at the centre

their supply chain agility and flexibility, arguably the backbone of a customer-centric business model, would be a top priority.

Consumer companies need to go beyond understanding their customers. And they need to go beyond technology. They need to differentiate themselves through customer experience on top of everything else.

Hyper customer-sensitivity is particularly vital for succeeding in emerging markets, where consumer needs and behaviours can vary sharply from those in the Western world.

IN CONCLUSION

Hyper-centricity is critical for keeping the business relevant. But it can only help if it is backed up by seamless, cross-channel customer experiences with integrated front- and back-end systems; agile, demand-driven supply chains

that can quickly pivot to meet changing needs; a commitment to product safety and sustainability that permeates the business; fully enabled technology across the business, from manufacturing to in-store experience; and a pervasive use of smarter analytics and technologies.

Today, omni is not just about marketing. Organisations must transform both their experience design and delivery architecture, operating with experience centricity from the inside-out and the outside-in. Hyper-centricity, coupled with the afore-mentioned drivers will help organisations take omni-channel to the next level—to become omni-businesses with customers at the centre. 😊

Adopted from Seeking Customer Centricity: The Omni Business Model by KPMG.