

CHAPTER ONE

FROM B2C TO ME2B

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Customer service today gets slammed by customers right and left. While technology offers the promise of highly customized, seamless customer experiences at limitless scale, few companies have fulfilled on that promise. Consumers seem to share the impression that service and sales interactions are getting worse, not better. In many industries, customers are complaining more, with Internet-enabled breadth and speed. To pull a few recent headlines:

“Complaint-to-Compliment Ratio of MBTA Tweets Remains High.”¹

“Npower Ranks Top for Moans: Customer Complaints Against Energy Giant Soar 25%.”²

“70% of Companies Ignore Customer Complaints on Twitter.”³



In the utilities industry in Australia, for example, the volume of complaints to the central complaints body (the Ombudsman) has risen dramatically despite no significant change in customer numbers—doubling in five years, four times the rate of population growth. Similar complaint bodies in other countries such as the Office of Communications in the United Kingdom show complaint rates rising over the same period.

Despite billions spent to win customers' affection, we are only just exceeding the levels of customer satisfaction reported in the early 1990s. In addition, customer switching between providers is on the rise, often prompted by a poor customer service experience.⁴ The companies that are lagging in customer experience perform poorly compared to customer experience leaders across a variety of financial data points. For example, a Watermark Consulting study compared the six-year stock performance of customer experience leaders and laggards against the S&P 500, and found that leaders exceeded the S&P by 28 percentage points while laggards registered a 33 percent decline in stock value.⁵

As we all wait endlessly on hold with customer call centers across the world, only to keep repeating information to agents that we've given elsewhere in the purchase process, who can resist yearning for the good old days when mom-and-pop stores offered personalized and knowledgeable service? Perhaps selection and store hours were more limited, but at least business owners knew their customers as well as they did their products and were excited by both. Perhaps you can still remember going into the corner grocery store with Mom, watching with delight as the owner pulled out something special that he had ordered for her, along with a treat for you. Reconciling past and present creates a kind of cognitive dissonance that recalls a scene from the iconic '80s film *Back to the Future*, in which Michael J. Fox, transported via a plutonium-powered DeLorean back to 1955, stops dead in his skateboard tracks as he watches customers being waited on at the old full-service gas station.



What Used to Work, Doesn't Work Anymore

So what happened? Have our needs changed over the years, bringing customers and businesses out of sync? Or are companies today simply failing to deliver on the needs customers have always had?

Certainly, the landscape has changed. Today's businesses are bigger and incredibly more complex. Scale may have produced efficiency and economy, but it has distanced executives and management from their customers and from their frontline employees. Not only are businesses now headquartered in cities many miles from their customers, in an era of global operations the top executives may be in another country and speak another language. Senior management rarely spends time talking with customers, listening to their calls, or asking customer-facing staff for their take on what customers are saying. The bottom line is that scale has dissolved intimacy, and many organizations have forgotten the importance of moments of truth that required one-to-one interaction and connection.

Adding even more complexity, today's customer service operations have many moving parts that don't communicate with each other. The range of interaction channels, such as contact centers, SMS, co-browsing, the Internet, and social media, has proliferated. The net result is the omni-channel dilemma. While customers have clamored for new ways to deal with organizations, for example, via text messaging to take advantage of their always-at-hand smart phone, and while organizations have pressed ahead to open new channels, few of these channels have been integrated. This only increases customer frustration—and on top of that, support costs—a lose-lose scenario.

The Accenture Global Pulse, a study of customer attitude and behaviors across the world, reveals how frustrating this disconnect is for consumers.⁶ On a scale from 1 (“not frustrating at all”) to 5 (“extremely frustrating”), 23 percent of customers choose 4 and an incredible 66 percent choose 5 to describe their reaction to having to repeat the same information to multiple employees of a company or through multiple channels.



Customer relationship management (CRM), widely in practice today, is a flawed methodology that isn't working. Those who promoted it pushed technology solutions to control the relationship with customers. The very name *customer relationship management* reveals the heart of the problem. The organization should *manage* the relationship, the theory went. But customers were never asked if they wanted to be managed by organizations. And who would have asked to be managed? We'd argue that no one should *manage* a relationship; relationships are *shared* rather than managed. CRM has been flawed from the start, but is even more at odds with today's business climate.

The outcome of all this? Businesses continue to do stupid things that upset customers, like the ones captured in a U.K. survey: "Sending standard letters when I write an individual enquiry about something specific," "They make everything so complicated," and "Offering you the world when you're a potential customer and then treating you like crap when you're an existing customer."⁷ Sound familiar?

Welcome to the Me2B World: Now Your Customer Rules!

Unsatisfying, clunky customer service experiences pose an even more serious threat to businesses' survival than they would have ten years ago. Today's customers have significantly more power. The Internet, social media, mobile access, and all the other recent dynamic changes have moved us far beyond the command-and-control era, when organizations could tell their customers what was best for them—while really aiming to increase short-term profits.

For many years, people have largely categorized businesses in two models, B2B and B2C. B2B organizations sell to other businesses; B2C organizations sell to mass-market consumers. (There's also the more complicated third model, B2B2C, where an intermediate business such as a reseller or broker sells to the consumer.) These models suggest that the business controls and directs the relationship: They go *to* the other business, or *to* the consumer. They hold the power and direct the relationship.



Meanwhile, in the past decades, we've seen these sweeping global changes:

1. Social networks via the Internet have forever changed the way organizations operate. Customers, whether individuals or businesses, have access to limitless information about competing goods and services. And for the first time customers now have the opportunity to influence thousands, or even millions, of other customers; they are helping each other, often trusting their peers instead of the companies themselves. We call this C2C communication.
2. We have entered the mobile age, where information travels with us and is at our fingertips. Customers can be anywhere and access Internet-sourced information, impacting decisions straight up to the point of sale.
3. Internet-enabled transactions, the cloud, Big Data, and other technologies are transforming business models. Whole industries are being disrupted, in many cases significantly lowering the barrier to entry. The handful of upstart companies that have created new ways to operate and are successfully delivering scaled, personalized omni-channel customer experience have raised the bar for legacy businesses saddled with old and expensive ways to operate.
4. The powerful Millennial generation is emerging as a customer base and has vastly different expectations of the buying experience. This generation has been raised on Amazon and Apple, as well as on the flexibility and power of rapidly growing C2C peer-to-peer sharing networks such as AirBnb, Uber, and Facebook. When they do act as consumers, they have higher standards for customer experience than their older siblings or parents and are less patient—and more willing to switch fast if treated marginally. That said, they are willing to remain brand or service loyal if treated well.⁸

All these trends add up to a new reality: Customers, not businesses, hold the power. The only business model today, therefore, is not B2C or B2B but Me2B. Customers own the relationships and



determine how they want to interact with the business. Businesses must shift their thinking to drive decision making from the consumer's point of view. Repeat after us: *Me2B because the customer rules!*

There are some major implications of this reversal, threatening to some organizations but exhilarating and business defining to others.

- *Customers have significantly greater choice.* There is now so much information out there for consumers—online and offline, from their homes or when walking past stores—that this choice is now much wider than any one provider or company.
- *Customer feedback, wants, and desires are broadcast loud and clear.* No longer do organizations have to conduct outbound consumer tastes surveys, mall intercepts asking customers to answer questions while strolling around shopping centers, or other forms of expensive research. Customers are using a plethora of electronic mechanisms to tell their friends actively what they like and dislike, and to tell organizations what they think about them.
- *Companies can no longer hide poor products or service.* Third-party customer feedback sites encourage open postings and comments on others' experiences, and general social sites have proliferated as well. Any customer who encounters poor service can tell thousands of people in seconds, and since customers tend to trust other customers, even those they do not know, more than the companies themselves, the viral effect is amazing!⁹ YouTube views (and likes or dislikes) and other video options intensify these customer reactions, to the peril of organizations asleep at the wheel or in denial about their product or service performance.
- *Pricing is transparent without leaving home or having to visit multiple stores.* From their smart phones or tablets, thanks to comparison engines, customers know more about their choices than many sales clerks or product managers. Moreover, customers rebel when they encounter variable pricing by time of day or by customer segment. They seek the lowest possible price and have bots and applications to tell them when their



desired flight is cheaper or when they win a bid for a hotel stay at their preferred price.

This much more is clear: Businesses that fail to find ways to satisfy customer needs at scale—using all of today’s channels and providing the sort of experiences we remember from the mom-and-pop days—will not survive.

Back to Fundamentals in the Me2B Era

Not all is lost. Some businesses today *are* thriving at delivering the experience that customers need. We call these customer experience heroes Me2B Leaders. They understand that the customer rules. They are outpacing their competition in sales growth, profitability, customer and employee retention, and other key metrics. Companies like Amazon, Apple, Disney, IKEA, John Lewis, Lego, Nordstrom, Southwest Airlines, USAA, and Virgin are household names and often appear in published rankings of best customer experience.¹⁰

However, some of the Me2B Leaders are younger, rapidly expanding companies like Shoes of Prey or companies well known in their own countries such as Vente-Privee in France or Yamato Transport in Japan, but less known outside their home markets.

We were motivated to write this book as a way to find out how these companies are succeeding while others struggle, and to help both new and legacy businesses adapt. We sought out many of these Me2B Leaders, interviewing managers, customers, and vendors and suppliers, adding secondary analyses including social chatter and what we call WOCAS, data showing “what our customers are saying.”

The more we learned, the more our original hunch was confirmed: Me2B customers are still looking for the same things they always have. Fundamental customer service needs haven’t changed. What has changed is businesses’ ability to recognize and deliver on these needs. Now that your customer rules, delivering to the needs is more important and more complex since customers have more information and more choice for interaction methods.



Me2B Leaders, we've found, are creating experiences that don't just deliver a product but fulfill relationship needs that are fundamental and predate even the mom-and-pop era. They are by no means radical innovations. The innovation the Me2B Leaders have brought is in figuring out how to deliver these fundamentals in today's world of scale and channel complexity and to connect to the customer even with the tyranny of scale and distance that separates head offices from the front line and the consumer.

Customers today still want to be recognized and served as they would have been in their local corner store—but in a digital world, the shape of this service is entirely different. For example, customers who shop an online grocery store expect the website to remember their standard weekly order in the same way that the local butcher could reel off a customer's regular order. The medium is changed; the need has not.

As we studied these Me2B Leaders we saw a pattern emerge in the ways that these companies are recognizing and satisfying customer needs and building lasting relationships. We have called these the Seven Customer Needs for Me2B success. The language we use to describe them takes the customer's point of view:

1. You know me, you remember me.
2. You give me choices.
3. You make it easy for me.
4. You value me.
5. You trust me.
6. You surprise me with stuff I can't imagine.
7. You help me be better and do more.

The challenge of meeting these needs will guide the vital strategies that businesses need to adopt in order to sell and serve in the Me2B world. Over the course of this book we show you what they are and how they connect to fundamental *relationship* needs. We demonstrate how the Me2B Leaders are satisfying these needs. We also clearly illustrate via examples what success and failure look like and outline the obstacles to success.

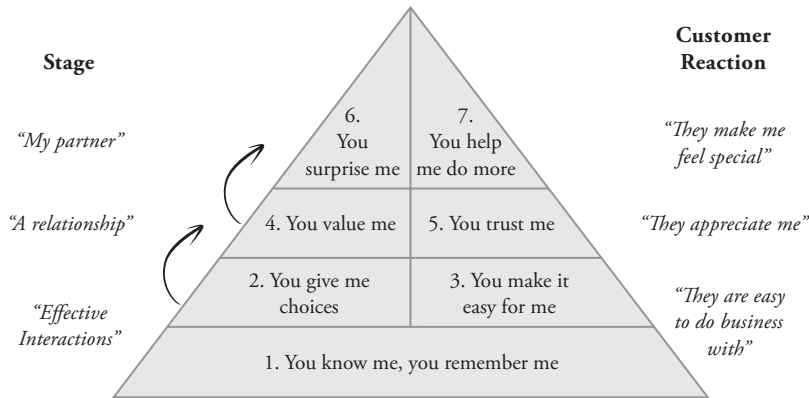


Figure 1.1 The Hierarchy of Customer Needs.

The seven customer needs are not created equal. Not unlike Maslow's famous hierarchy, they form a pyramid (see Figure 1.1). The first three (Know Me; Give Me Choices; Make It Easy) are fundamental to most interactions and form the bedrock for all Me2B relationships to deliver great customer experiences.

Companies that fulfill the next two needs (Value Me; Trust Me) are more mature in becoming Me2B Leaders; they truly see themselves in a two-way, meaningful relationship with customers, and they have recognized that customers do, and should, have more control. Those companies delivering the final two needs show greater maturity still. They need not deliver on these needs all the time, just in carefully chosen moments that make a powerful and meaningful impact on the customer and demonstrate a willingness to invest in relationships for the long term.

What Drives Me2B Leaders

As we analyzed the Me2B Leaders we asked why they were different from other organizations. Why did they seem more focused on these seven customer needs than other businesses? We started to look for common strategies driving the Me2B Leaders and began to classify these strategies and the companies into common groups.



Our conclusion was that there are four types of organizations that take different paths to become customer-focused:

- The Naturals
- The Challengers
- The Rebounders
- The Defending Dominators

All the Me2B Leaders had one or more of these types. In Chapter Nine, we describe each of the groups, giving examples of the organizations that fall into the groups and of the strategies that they are pursuing.

The Foundations of Me2B Success

Many of the Me2B Leaders we analyzed have had the luxury of building their organizations from scratch, making it much easier to incorporate customer-centricity into their DNA. However, the vast majority of companies need to transform their organizations from within to respond to the challenge of meeting today's customer needs. Throughout the book, we look at obstacles that existing companies will have to overcome if they wish to change. We also describe some of the foundations that need to be put into place if organizations are to deliver the seven customer needs at scale:

- Streamlined processes.
- Integrated channels.
- Customer-oriented culture that recognizes business is personal.
- Energized, empowered people.

Those companies at the pinnacle of Me2B leadership seek a common bond with customers, the hallmark of true relationships. Me2B companies value customer relationships above all, and recognize financial success and stability is best achieved by rethinking business through the lens of the customer's experience.



Perhaps that's why we've found that recent research into the success factors for *personal* relationships, even marriages, applies surprisingly well to the business environment. We have built on some of that work in this book. To succeed in the Me2B era, big business is once again becoming personal, and it turns out that all those things that support quality customer relationships matter to *employee* relationships, too.

Now it's time to start the journey to Me2B success!