

## Trends Analysis: Rethinking the Customer Relationship

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This is a trend analysis about rethinking the customer relationship. To start with, there are three things that need to be considered. First, the ability to identify the individual customer; second, the need to develop an individual relationship with this customer; and finally, using the customer to help you design product and service offerings.

First let's take a look at ways to identify the individual customer—not populations or market segments but the real individual who buys and uses products and services. In a 2010 study conducted by IBM's Institute for Business Value, a survey among CEOs found that they readily recognize the need to reinvent the customer relationship.

What does this mean and why? Today, we know an enormous amount about the individual customer. We have the ability to mine data which generates incredible levels of insight. Referencing the IBM study...“with the internet...organizations have to rethink approaches to better understand, interact with and serve their customers....”

Second, if communication and marketing to an individual can now be meticulously tailored to his or her specific needs, what does this mean for building a relationship with consumers—an ongoing relationship that helps us better solve their needs, both current and future? The IBM research is very compelling: “Getting closer to the customer will be even more important over the next five years.”

Unquestionably then, individually-tailored marketing is a way to strengthen the bond or relationship. Is this new or unique today? Probably not, since the ability to acquire data and identify particular users have been standard practice for quite some time. But the powerful recognition of this is what is truly unique. For many years we knew we had to build relationships. What is different now is that we can, and we can measure it as well.

Third, how do we co-create with our customers? The research conducted in IBM's Institute for Business Value "Innovation Beyond Customer Imagination" significantly expands on the power of co-creating solutions. Nintendo, for example, saw its market share dropping from the early 1990s through the mid-2000s. They couldn't compete with PlayStation and Xbox. Rather than stay in the same market space they went directly to their customers—the gamers, and most importantly the non-gamers—to identify new products and services. The end result was Wii which increased the size of the market as well as market share.

Clearly, today's overall trend is about changing the relationship you have with the people who buy your products. We know it is no longer about push marketing. But neither is it only about pull marketing. In "Rethinking Marketing," Roland T. Rust, Christine Moorman and Gaurav Bhalla discuss several concepts related to this realization—most importantly, the shift from product profitability to customer profitability and the subtle move from chief marketing officers to chief customer officers.

The research strongly shows that the focus has moved to customers, not brands. Customers or customer segments are critical to growth because you can identify them, and furthermore, you should have them actively involved in the design of your products and services.

This concept has several implications. Identifying and having a customer relationship allows you to design products and services that meet both their unmet needs and also allows you to tailor your marketing specifically to them since you have already established a dialogue.

So if all of this is true, how do you start developing products and services that meet unmet needs? Let me suggest an approach.

First, you need to better understand the value of getting out of the office and into the field. Corporate anthropology using ethnographic research to better “see, feel and think” about consumers and their needs is very hot right now. Highly-regarded companies such as HP, Wells Fargo and Intel have staffs of corporate anthropologists. These highly-sought-after specialists do not conduct surveys or focus groups but rather observe people. Observational Research is what ethnography is all about. They realize that to understand people is to observe them...to see what they are actually doing as opposed to what they say they are doing. The net result is that the data you acquire is much richer. You really cannot ask people about unmet needs...you need to watch them solve their problems in real life.

Remember, relationships do not happen because you ask your customers to relate to you. To build true relationships, you need to capitalize on the world of social media and learn how to build communities where they are both part of the opportunity and part of the solution.

So how can consumers share ideas with you and others, and how can they build online creative solutions? One technique is to use Innovation Games® and let your customers play with you. Another is to hold contests and debates. A third is to research what the clicks and chats are all about. We know that the entire field of social media market research is emerging (cite someone here) but the opportunities for relationships are just beginning to be tapped. One case to cite is the social media experience created by Michael DePenna for Castrol Oil; they realized that Nascar fans are great fans of Castrol Oil, so they built a community of fans to share Nascar stories **and** use Castrol Oil.

If these are the trends, and we truly believe they are, how are you capitalizing on them? Why not share some of your stories with us and we can then share them with others? Let us hear your stories at [info@simonassociates.net](mailto:info@simonassociates.net) and we will keep the relationships growing.