

L5 | PERSPECTIVE



Promises Made, Promises Kept:

Cultivating Customer Centricity –
Research Refresh

NOV
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Strong, purposefully built customer experiences continue to be a critical driver of stable and sustainable growth.

Designing experiences that deliver on customers' critical wants and needs at key moments is not easy and requires commitment from the entire organization. In our [three-part series](#) on Customer Centricity, Level5 Strategy defined seven core dimensions embodied by customer-centric organizations (see Figure 1). The first two relate to how mature organizations establish clear *promises* to their customers. The other five describe how they set up their business systems to consistently keep these *promises*.

Toward the end of 2020, in the midst of COVID, we sought input from a diverse group of leaders across several sectors, roles, and geographies to identify insights around customer-centric organizational maturity. Their perspectives, and the lessons we took away from them, were shared [in an earlier report](#).

Earlier this year, after hearing how different leaders and organizations had been navigating through COVID, we were curious to learn how

leaders' perspectives on customer-centric maturity have evolved over the past 18-months. So, we sought further input from the market, asking an even broader group of leaders to assess their organization's practices within each of the seven dimensions of customer centricity along a spectrum of five maturity levels: *Nascent, Emerging, Developing, Maturing* and *Best-In-Class*.

Figure 1: Seven Dimensions of Customer-Centric Organizations



Talking the Talk Isn't Enough; Organizations Must Also Walk the Walk

As in 2020, the leaders we spoke to felt as though their organizations are generally more effective at making *promises* than they are at consistently keeping them. Interestingly, scores are slightly lower across both the *Promises* and *Consistently Kept* dimensions in our more recent research. This could be the result of many things, including pandemic fatigue. However, as our prior research highlighted, and our most recent data re-affirms, “those who do both, do better”, with companies who are more mature on both sides of the equation, outperforming their customer experience expectations more frequently. Said differently, companies who not only make clear *promises* (i.e., “talk the talk”), but also maintain their resolve and focus on delivering them consistently across the business (i.e., “walk the walk”), are more likely to have a stronger foundation for deeper customer engagement and loyalty.

Our [original research](#) also uncovered the insight that mid-sized organizations tended to take a step backwards in customer-centric maturity as

“Companies who not only make clear *promises*, but also maintain their resolve and focus on delivering them consistently across the business are more likely to have a stronger foundation for greater customer engagement and loyalty.”

they focused on growth and scale, and were less likely to outperform their expectations on customer experience. In this year’s panel, we are seeing a different picture. Mid-sized organizations have improved slightly on both *Promises* and *Consistently Kept* scores, closing the gap to their larger peers (who have decreased in performance over the past 18-months).

At the same time, small-scale companies have seen a much more significant drop in their

customer-centric maturity, perhaps due to the exceptional challenges they all have faced simply trying to survive the pandemic – an understandable shift in focus. It will be interesting to follow over the coming months and years how small-scale organizations respond with respect to customer centricity coming out of the pandemic.

Figure 2: Average *Promises* & *Consistently Kept* Scores by Company Size

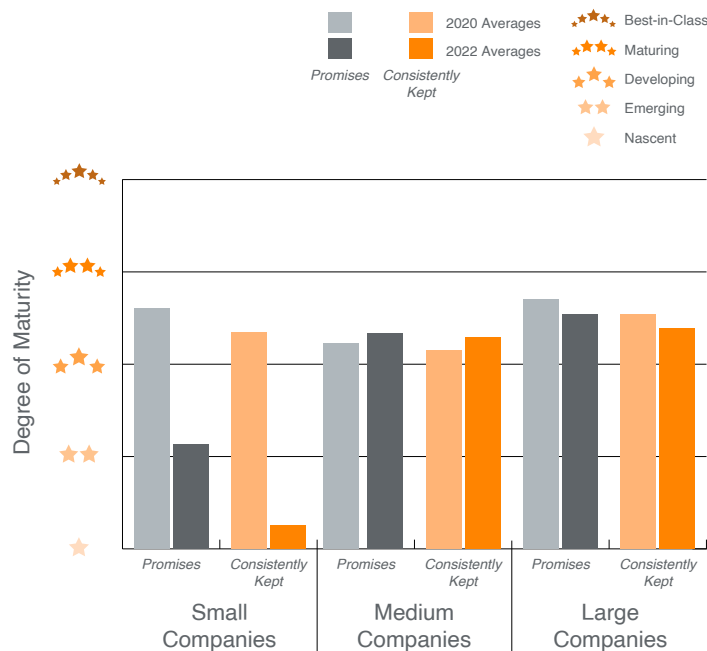
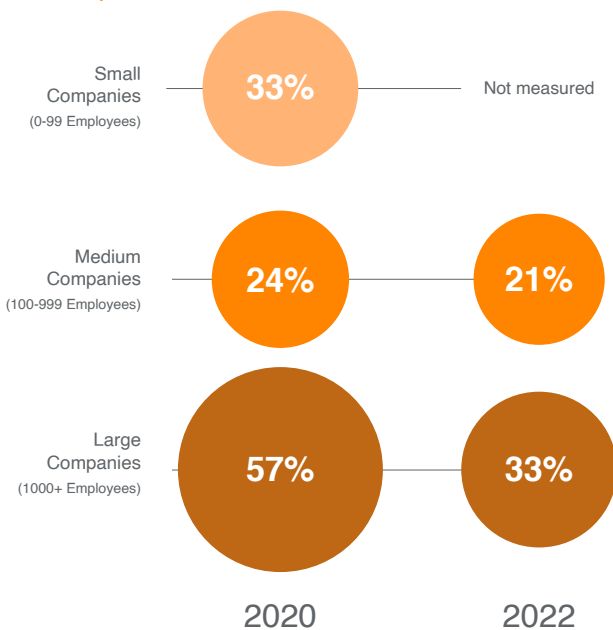


Figure 3: Proportion of Companies That Overperform Their Expectations on Customer Experience

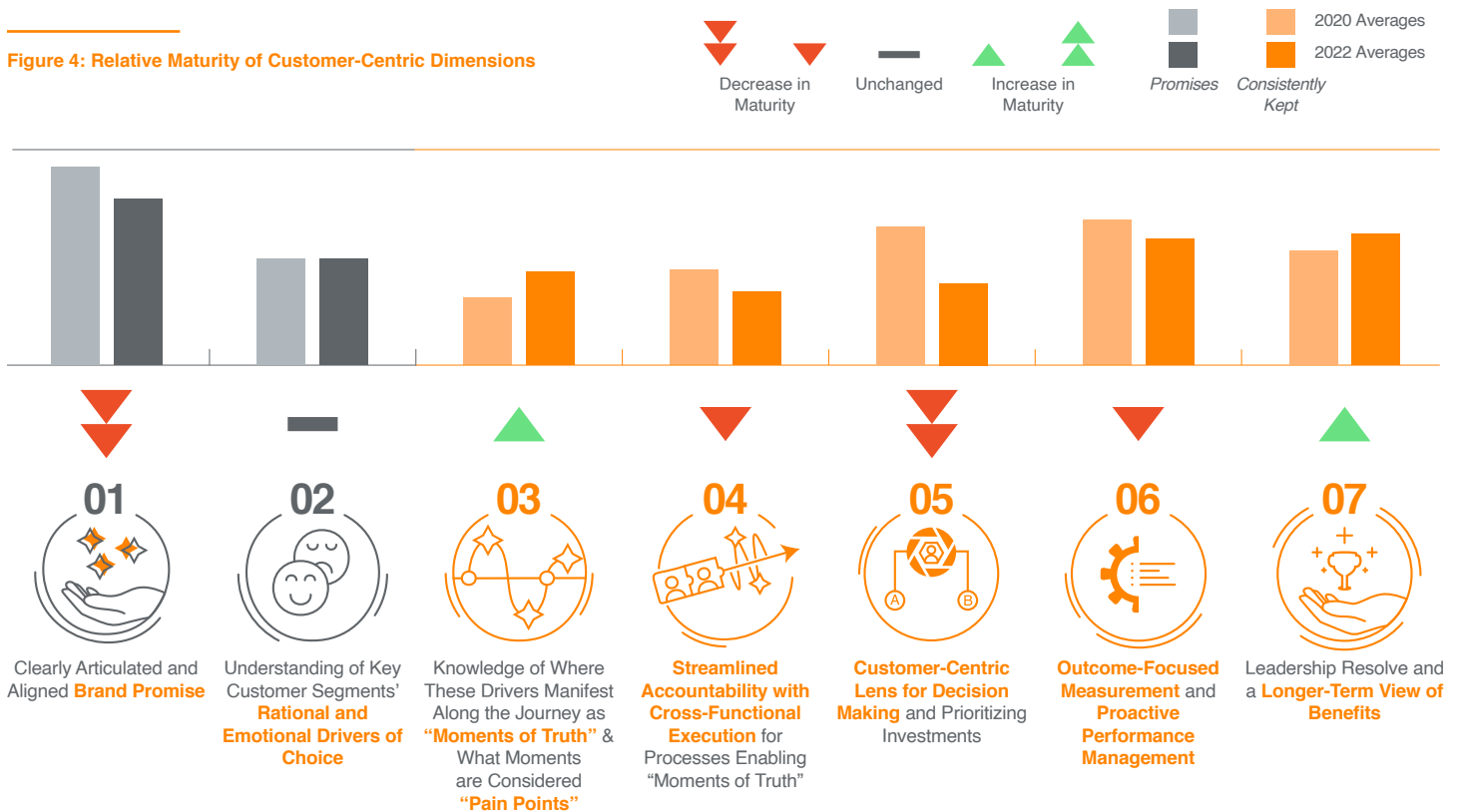


Longer-term Green Shoots are Sprouting in Understanding Customers' Needs and Wants

A positive sign we see for the longer-term is that organizations have been maturing, even if only slightly, along two very important dimensions – understanding customer drivers, and identifying where they manifest along the journey as “Moments of Truth”. Despite a slight drop in other dimensions, this is nevertheless a promising trend, and may even be a leading indicator of longer-term

holistic improvement in customer centricity. Organizations that can clearly understand their customer’s rational and emotional drivers of purchase intent, engagement, and loyalty, and have a clear view of their customers’ journeys and which experiences along the customer journey matter most, are better equipped to know how and when to differentiate.

Figure 4: Relative Maturity of Customer-Centric Dimensions



No One Sector Appears to Be Leaping Ahead in Customer Centricity

Our expansive, rich dataset allows for deeper insight and analysis on customer-centric maturity within an organization, and at a broader, sector level. We capture this data and benchmark them using our proprietary *Customer Centricity Index (CCI)*. For context, across most sectors (where sufficient data for analysis was available), the typical CCI lands at around 65 (out of 100) – reflecting a *Developing* level of maturity; *Best-in-Class* leaders typically present with a CCI over 85.

Looking across industries, our research suggests that only one in eight organizations consider themselves truly customer-centric, reflected by a *Best-in-Class* CCI. However, more than half of all respondents highlight that, despite the clear signals their customers and markets are sending about the importance and impact of differentiated experiences, their organizations are not putting sufficient attention and resources towards becoming customer-centric and consistently keeping *promises*.

Our analysis indicates that the largest organizations in our panel (10,000+ employees) tend to have a higher opinion of their relative maturity, with nearly a third assessing themselves as *Best-in-Class* overall. This is in stark contrast to small or medium-sized organizations. The inherent complexity of a fully integrated approach to set strategy, enable operations, and implement the right management practices is clearly a challenge even for large organizations, but with significant scale comes significant resources to dedicate (or at least a deeply entrenched view that they are doing so effectively).

Figure 5: Spread of CCI Scores by Industry

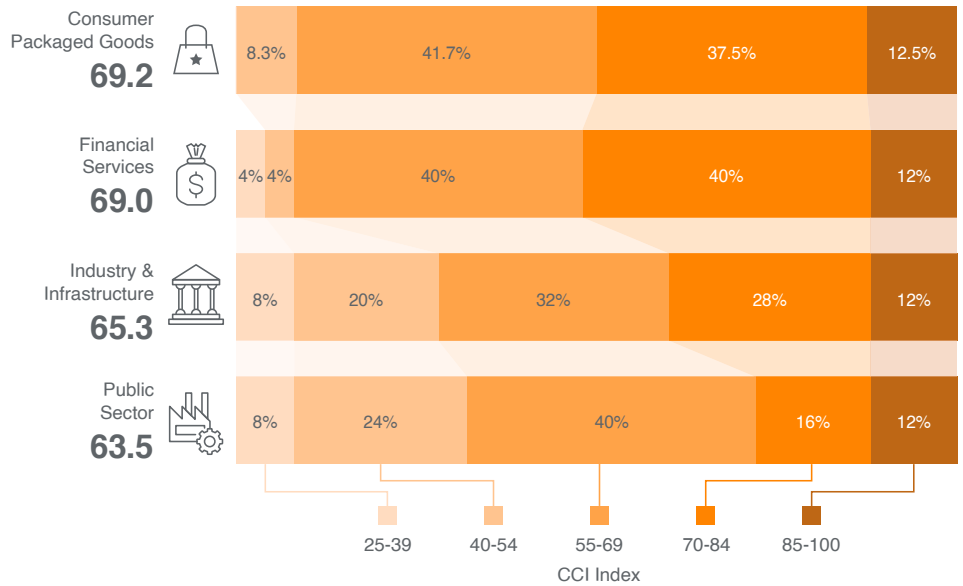
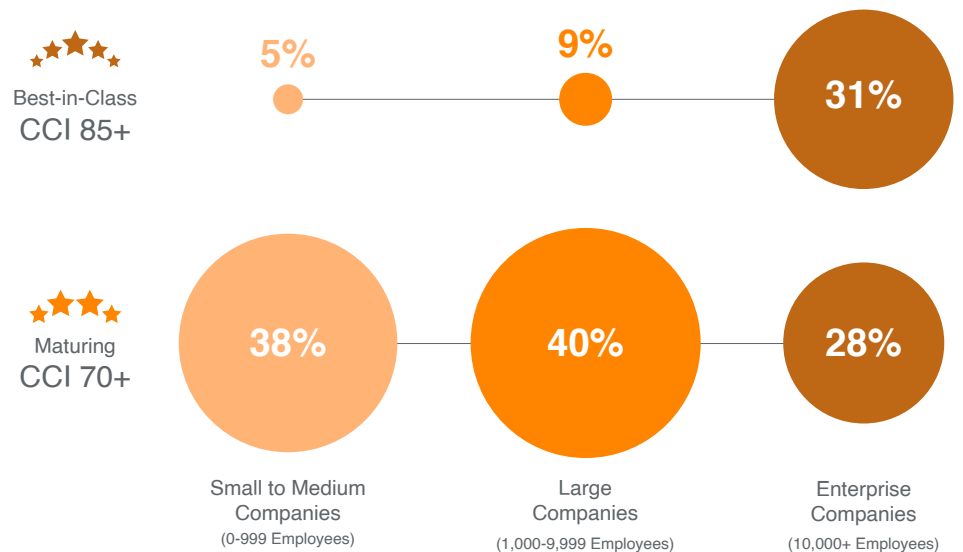


Figure 6: Maturing/Best-In-Class CCI (70+) by Company Size



No matter your sector or scale, building a customer-centric organization remains crucial for sustainable growth in a time of shifting economic conditions and consumer expectations.

As we look ahead, with emerging economic challenges, driving shifts in consumer behaviours, it remains clear that while customer centricity is seen and talked about as a major driver of long-term growth, most organizations still have a long way to go before they can truly call themselves customer-centric. Small and mid-size companies in particular continue to look anxiously at the turbulent market and wonder where they can find the growth they need and secure that competitive edge.

What is increasingly clear is that for these organizations, which are the bulk of our economy, there is significant value to be unlocked by developing a deeper understanding of their customers, investing in differentiated customer experiences where it matters most, and ensuring organizational processes and systems are set up to consistently keep those *promises*, every time.

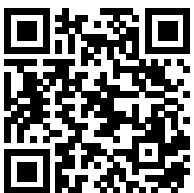
How Customer-Centric Is Your Organization?

Our study remains open and will continue to welcome inputs on an ongoing basis. If you would like to better understand your organization's customer-centric maturity, or learn about your CCI and how it compares to others in your sector, please [click here to take the 10-minute assessment](#). After completion, Level5 Strategy will share your confidential dashboard with you, along with comparisons of your results alongside those of other cross-sector leaders.

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Claude Ricks

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Strategy Lounge Season 2: Promises Kept - Ep. 2

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Matt Kelly & Laura Richard

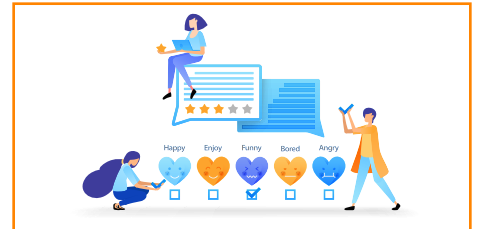
In this second episode of Level5's Strategy Lounge podcast, Managing Partner Matt Kelly and Principal Laura Richard discuss the often-contested role of social purpose in organizational strategy, and how a great purpose statement can help inform strategy, drive performance, and attract key talent.



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David Kincaid & Matt Kelly

What is the business value of your brand and why is it so important? Level5 believes brand is a tangible business asset that can be leveraged to guide strategy and drive results. In this article, Level5 Managing Partner Matt Kelly and Founder David Kincaid dive into how a brand can become a high-performing asset to all businesses and organizations.



Why Understanding How Emotions Shape Customers' Choices is a Proven Business Accelerator

Matt Kelly






As brands work on enhancing competitive advantages to drive sales, understanding how #emotions shape customers' choices is critical to designing a superior service that drives results. Matt Kelly shares why understanding this is a business accelerator.

Appendix: Five Levels of Customer-Centric Maturity

Each of the seven dimensions of customer centricity comprises a set of competencies that can be assessed along the maturity spectrum. One example, relating to an organization's maturity in embracing a customer-centric strategic purpose, vision and mission is illustrated below:

Brand Promise (Dimension 1)

Strategic Purpose/Vision/Mission

 Nascent	 Emerging	 Developing	 Maturing	 Best-In-Class
<ul style="list-style-type: none"> • core strategic statements (Purpose/Vision/Mission), if they exist, do not connect to any overarching market promise • employees are unaware of any Purpose/Vision/Mission (PVM) statements • no organizational adoption of PVM as a decision making tool 	<ul style="list-style-type: none"> • core strategic statements (PVM) are known at the Executive levels, but unknown to other employees • majority of employees are unclear how the PVM should impact what they are meant to do • PVM does not act as a meaningful guide to decision making (i.e., "poster on the wall") 	<ul style="list-style-type: none"> • PVM is understood among Executives but there is inconsistent awareness amongst other employees • key functions required for a cohesive customer experience do not fully understand or adopt the PVM in their decision making • no customer insight integrated into PVM 	<ul style="list-style-type: none"> • PVM is clearly defined, easily understood and frames the organization's aspiration and market promise • PVM has broad awareness throughout the organization, but inconsistent understanding and adoption in day-to-day operations and decision making • PVM created with extensive customer insight in mind 	<ul style="list-style-type: none"> • PVM embodies the essence of the brand promise and the organization's core strategy • everyone understands how the PVM influences day-to-day work and customer impact • PVM play a key role in decision making processes • PVM informed by extensive customer insight and is continually re-evaluated for relevance

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