

# From Promise to Performance

## A Blueprint for Unlocking Customer-Centricity



## At a Glance

- Customer-centric organizations consistently outperform their peers. A focus on customer-centricity is critical not only to drive growth, but to protect your customers during periods of turbulence.
- Our research shows most organizations are not nearly as customer-centric as they believe themselves to be. Understand what best in class customer-centricity means.
- A focus on customer-centricity yields immediate customer satisfaction impacting loyalty and growth, while also building a sustainable foundation for long-term success.

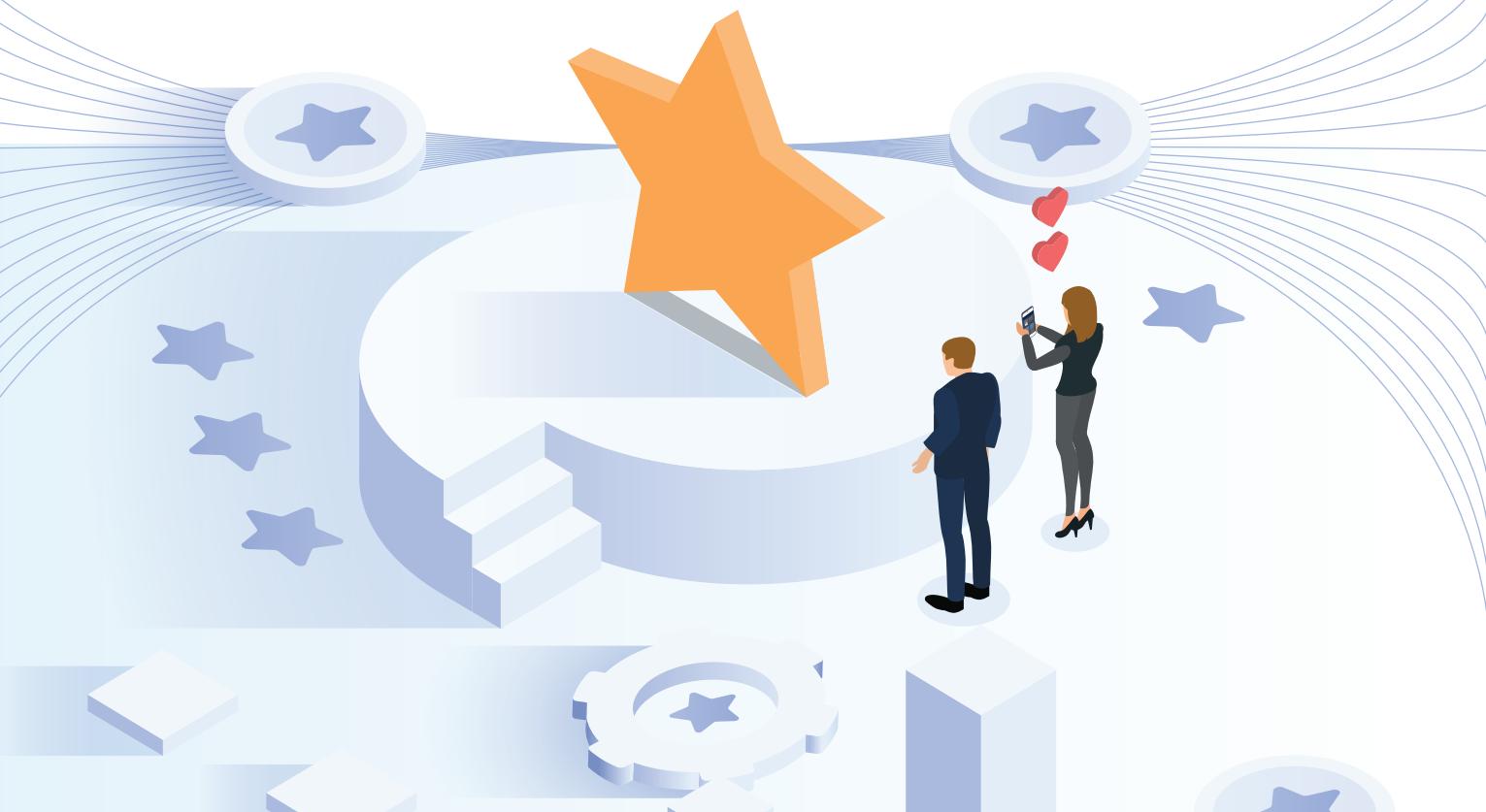
## Introduction

Customer-centric organizations consistently outshine their peers in terms of loyalty and sustainable growth. In fact, the most mature customer-centric organizations often boast enhanced reputations, increased market share, and stronger employment brands.

But what does it really mean to be customer-centric?

A few years back, Level5 published our proven framework for Customer-Centric Maturity – as the market landscape

and customer expectations continue to evolve, so have our experiences and perspectives on best-practice. Consequently, we have revitalized our framework, shown later in this paper, and [our rapid diagnostic tool](#), for today's context. Drawing from over two decades of experience and research, we have a deep understanding of what sets truly customer-centric companies apart. And we've laid out actionable steps for organizations who are earlier in their journey to help position them to unlock new pathways to growth.



# It Starts With the Promise

While our framework has evolved, the principles underpinning it remain the same. Level5's enduring philosophy is that brands create value and drive sustainable growth by making and consistently keeping promises to their customers. Customer-centric organizations clearly adopt this philosophy, building a deep understanding of what drives customer behaviour, and aligning both their strategic ambition and brand promise to the wants and needs of their target customers.

Truly understanding the desires of customers goes beyond simply accepting what they say they are looking for from your brand. Ask customers what they want from a smartphone, and you will likely hear about its camera quality, design, battery life, screen size. Consumers often struggle to articulate the underlying factors guiding their choices, which

are predominantly rooted in emotions. The sought-after smartphone is as likely to be desired for its ability to evoke feelings of trendiness, creativity, and a sense of connection with peers (think the blue vs green bubble iMessage debate). Our research consistently re-affirms that both rational and emotional factors contribute equally to decisions and behaviors. Neglecting this reality leads organizations to miss some of the most meaningful opportunities to design and deliver the most desired experiences.

Customer-centric organizations don't stop at making an external promise. They also take an 'outside-in' view to shaping their ambitions and aligning internal priorities, recognizing that their own success hinges on the extent they deliver effectively for their customers.

## Case Study: Zappos

In the online retail sector, Zappos distinguishes itself through its deep commitment to customer-centricity. The company offers a 365-day return policy, acknowledging the customer's need for flexibility and confidence in their purchases. Furthermore, Zappos provides free shipping for both purchases and returns, removing a significant barrier in the online shopping experience and fostering customer trust.

Central to its strategy is an innovative approach to employee empowerment, where every team member, regardless of their position, undergoes extensive training focused on the importance of creating memorable and positive customer interactions. Employees at Zappos are given the autonomy

to make decisions that directly benefit the customer, transcending traditional customer service scripts. This equips them to address not just the rational needs of customers, such as product inquiries and transaction support, but also to connect on an emotional level, creating a sense of belonging and care.

The synergy of Zappos' employee empowerment and customer-first policies culminates in a business model where customer satisfaction is the driving force behind growth. The company recognizes that delighted customers are the most powerful advocates for their brand, fueling organic growth through word-of-mouth and repeat business.



# Operationalizing Customer Centricity

Making clear promises that are both informed by customer insight and motivating to employees is only half of the equation. What may arguably be more challenging is operationalizing customer-centricity across the organization, as this involves a broader set of stakeholders and frequently requires new ways of working. In our experience, organizations struggle in several common areas:

## Focusing Journey Mapping Effectively

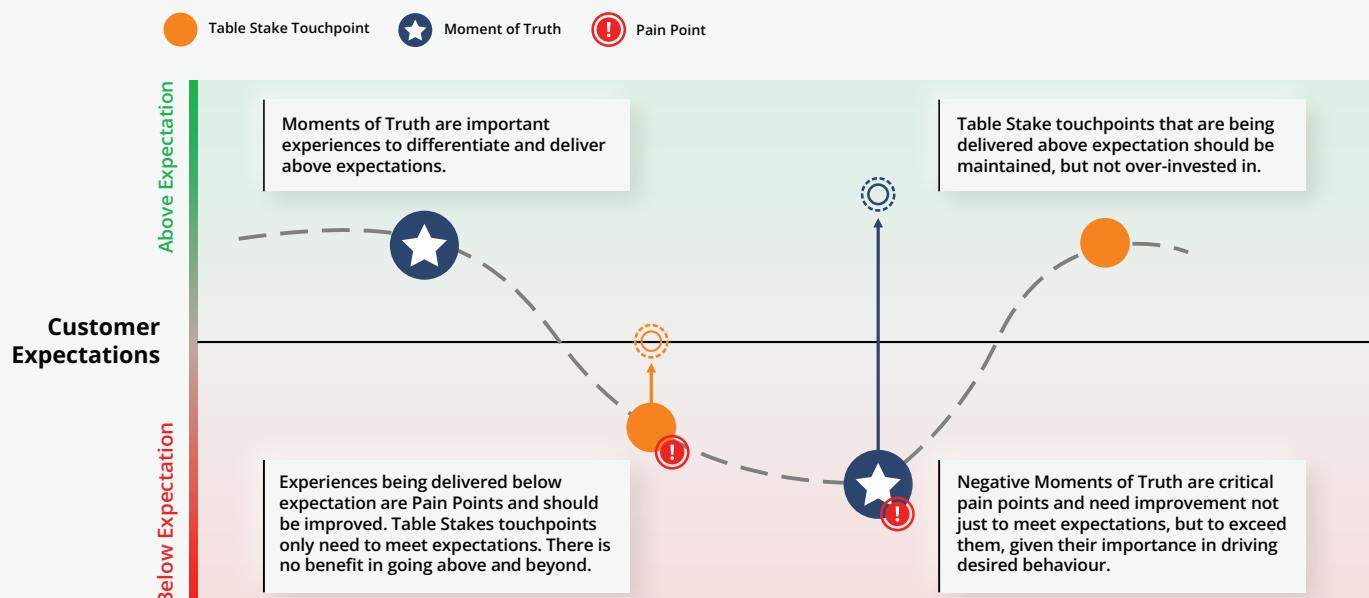
Journey maps are a popular and useful tool for improving the customer experience, when used effectively. Too often, we see organizations 'boil the ocean', treating all touchpoints along the journey with the same importance, along with the associated improvement efforts. The truth is, not all touchpoints are created equal. Some are critical to differentiate on, some are important to deliver effectively, and some are 'nice to have' but won't materially influence desired customer outcomes. It's important to distinguish the Moments of Truth (MoTs) from other table stakes experiences. With this clarity, best informed by rational and emotional drivers, organizations can better prioritize their resources and investments, and more effectively design processes and workflows to deliver winning experiences where it matters most.

Take for example an insurance company we worked with to design the optimal claims experience. What we quickly found during journey mapping was the first reporting of a claim was a clear MoT. A positive experience during this highly emotional time (say, following a car accident) could be delivered simply by someone answering the phone

quickly, and responding with empathy to a stressed and scared customer. In another client project, this time with a national specialty retailer, our research uncovered that the length of the checkout line was a MoT. Customers might enter the store and immediately turn around when they see how long the line is. Identifying MoTs allow organizations to make decisions on what technology, operational changes, and training to pursue, focusing their investments on the capabilities that deliver the best return on customer experience.

The most mature customer-centric organizations don't focus on simply being 'better' than competitors in the moments that matter most. They are acutely aware that these are the moments they can differentiate on and do so by delivering their brand's promise at these touchpoints. It can't be over-emphasized how important and powerful it is for an organization to make a clear and differentiated promise, as this guides 'how' the experience should be designed and delivered in moments that customers will recognize and reward.

## Level5's pragmatic approach pinpoints and prioritizes the moments that matter most to drive return on your CX investment



## Executing Collaboratively, Improving Continuously

The importance of cross-functional collaboration and continuous improvement in customer experience design and delivery is critical. The most mature organizations are 'relentlessly unsatisfied' with their customer experience performance. Characteristics that distinguish the most customer-centric organizations in this regard include:

### 1. Rich voice of customer insights:

Customer centric organizations are constantly collecting customer feedback across a wide range of active and passive channels. They use this feedback (often leveraging advanced/predictive analytics) to learn and anticipate customer needs and increasingly personalize how they deliver.



### 2. Effective cross-functional collaboration:

While there needs to be clear accountability for customer outcomes, the team responsible for design and delivery of customer experiences should be cross-functional. We have found it most effective when cross-functional teams collaborate regularly (i.e., bi-weekly) and briefly (akin to agile 'stand-ups') to review performance, eliminate roadblocks, and prioritize actions and investments.



### 3. Consistency of experience across channels:

It's not just about being able to deliver the experience across every relevant channel, it's about doing so in a manner that is consistent and optimized proactively to the customer preference. Some organizations have unlocked the ability for customers to move between channels seamlessly.



### 4. Keeping the customer central to decisions:

The most mature organizations have a constantly evolving set of proactive customer improvement initiatives in flight, consider customer impact/outcomes as core inputs to business decision-making, and empower their teams to make decisions in the best interests of the customer, even if this comes at some cost.



### 5. Commitment to continuous improvement:

Customer-centric organizations know this isn't a once and done, launch and leave effort. They leverage collaborative structures, measure delivery against customer expectations and are constantly thinking and acting on what's next to exceed the baseline expectation in the moments that matter most to customers.



The extent to which organizations do these things efficiently and effectively, while at the same time continuing to invest in next-generation tools and technologies to stay ahead of expectations, is what ultimately separates the most mature customer-centric organizations from the rest.

## Measuring What Matters

Since its introduction in 2003, the Net Promoter Score (NPS) has gained widespread popularity as a metric for evaluating customer experience. While it is a powerful measure, NPS lacks the depth needed to capture the intricacies and nuances of customer sentiment. It provides a snapshot at a specific moment, neglecting the context and evolution of customer experiences over time. Achieving a comprehensive understanding of customer experience demands a multifaceted measurement approach that combines lead and lag metrics.

*Lead metrics* include both predictive indicators that anticipate future trends, and operational metrics in real-time or near real-time that allow organizations to make proactive, rapid adjustments. Take for instance the insurance company example shared earlier; a leading indicator of a good experience might be 'time on hold'. More advanced organizations are leveraging AI and machine learning to uncover

the predictive indicators of future behaviour. By mining data and building predictive models, these companies enable personalized intervention along individual customer journeys.

In contrast to the predictive and proactive nature of lead metrics, *lag metrics* encompass historical performance indicators like NPS, Customer Satisfaction (CSAT), customer retention rates, and first-time resolution. These measures provide the data for trend analysis and to understand the impact of customer experience improvements over time.

Effective leading metrics can often provide an organization with a 'canary in the coal mine' relative to customer perceptions; lagging metrics, in contrast, can only provide instructive feedback after the fact. Truly customer centric organizations leverage both to build a 360-degree understanding of how customer outcomes drive business outcomes.



## Bringing It Together: The Characteristics of Customer-Centric Organizations

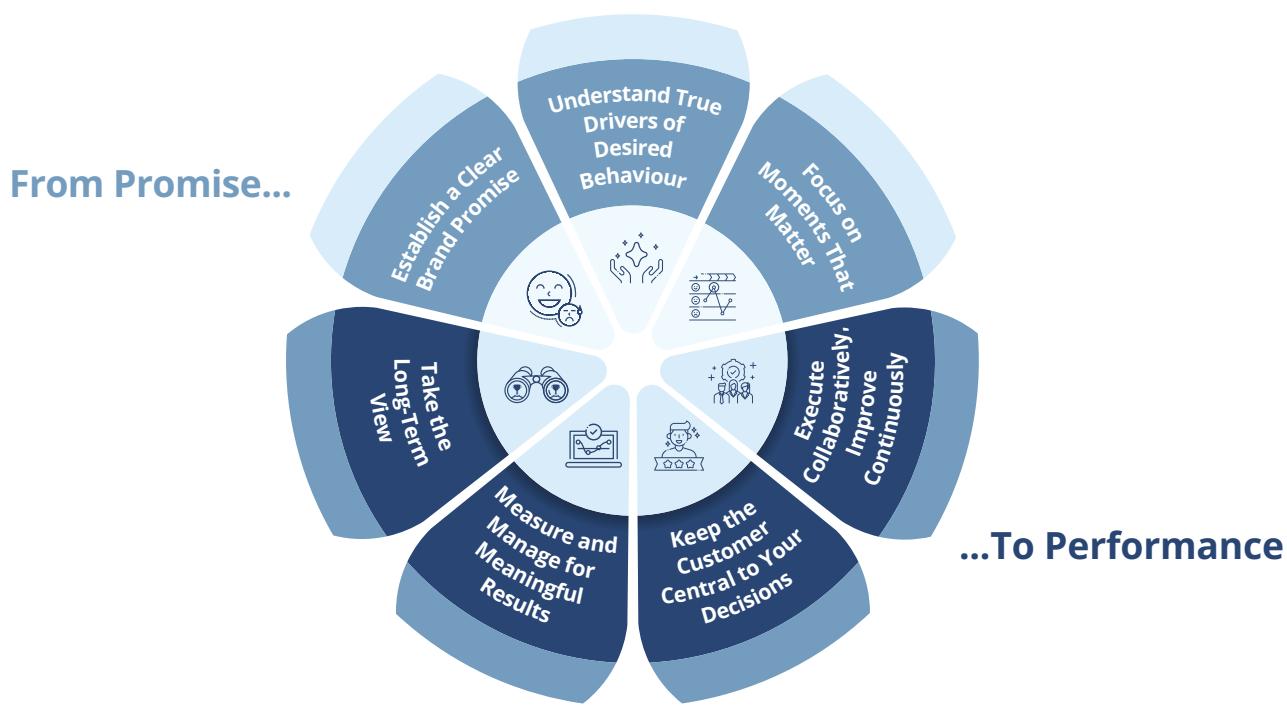
**"You can't really 'make' profit"**

- Ron Shaich, Panera Bread founder

The philosophy of customer-centric leadership teams is well captured by Panera Bread founder Ron Shaich. His belief is that profit is not an end to itself, but rather the result of a company taking actions that are desirable to customers and which distinguish it from competitors.

Organizations who align to this belief system do things differently. Beyond making and consistently keeping promises that deliver on customer needs and wants; they also take a longer-term view, integrating customer objectives into broader strategic and annual planning. They ensure customer impact is always a core lens for decision-making and include customer-centric objectives and incentives in all personal, team and corporate goals. Truly customer-centric leadership teams recognize that not only does this focus direct short-term actions that drive immediate impact, it differentiates and drives loyalty in the long run. They have recognized that making and consistently keeping clear promises drives sustainable value.

# Characteristics of Customer-Centric Organizations



So, back to the question we asked at the start - what does it really mean to be customer-centric? And, perhaps more importantly, where does your organization sit along the maturity spectrum? Our updated Customer-Centric Maturity model (as visualized above) synthesizes these lessons and provides a framework for exploring an organization's customer-centric practices and behaviours, and the readiness of the leadership team to take the meaningful steps forward.

Designing unique and differentiated customer experiences where it matters most is one of the best ways to increase customer 'stickiness' and drive growth – but it is not easy. It can take many years to get right and requires investment,

leadership commitment, and a pervasive customer-first culture. While explicit benefit can be quantified in the short term, the impacts of more clearly delivering the brand's underlying promise through customer experiences will become increasingly visible as customer satisfaction and loyalty build over time.

True customer-centricity is a destination worth pursuing. While it takes steadfast commitment, organizations who have successfully achieved this can attest that the prize of enduring customer loyalty, resilience in challenging market conditions, and sustainable business growth, is undeniably worth it.

## How customer-centric is your organization?

Take [Level5's Customer-Centricity Maturity Diagnostic](#) (~10-min survey informing a personalized dashboard/report) to understand how you compare to peers and market leaders, and uncover new insights on where you should focus to better position your business to unlock new pathways to customer loyalty and sustainable growth.



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