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DAVID JAFFE

AUTHORS OF *THE BEST SERVICE IS NO SERVICE*

YOUR **CUSTOMER** RULES!

DELIVERING THE **Me2B**
EXPERIENCES THAT
TODAY'S CUSTOMERS DEMAND

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More Praise for *Your Customer Rules!*

“As Price and Jaffe cover so well in *Your Customer Rules!*, the concept of ‘the customer is in charge’ requires alignment throughout the entire organization, including support partners. They share many great stories that you can apply to make it easy for customers to work with you, positively surprise them, and address their other critical needs.”

—**Bert Quintana, chairman and CEO, Sitel**

“Price and Jaffe bring to light a much needed and modern view of service strategy in a world where customers have unprecedented power and employee engagement is more important than ever. In the Me2B world, service flaws become magnified, viral, and destructive. Leaders and organizations can’t hide. *Your Customer Rules!* will enable the delivery of a service experience that customers demand and employees will embrace using new mediums, technologies, and strategies.”

—**Scott Tweedy, vice president, customer service, T-Mobile**

“Placing the guest at the center has always been Hyatt’s focus, removing the roadblocks for our customers and for our associates. With *Your Customer Rules!*, Price and Jaffe capture seven critical customer needs to make this work. Their stories and frameworks will become the building blocks for other companies to sustain great customer experiences and increase customer loyalty.”

—**Sara Kearney, senior vice president, operations, Asia Pacific, Hyatt Hotel Corporation**

“As Price and Jaffe so clearly describe in *Your Customer Rules!*, many businesses have forgotten who pays the bills. While the customer is not always right, the goal is to ensure that each customer is valued and provided with a great experience that makes them believe they are the central focus of the company. Price and Jaffe demonstrate the importance of the customer-centric focus with well-presented examples. They help provide ideas, tools, and measures that will help businesses of all sizes begin, sustain, and deliver on the benefits of a customer-centric focus.”

—**Jeff Robison, COO, WorldPay**

“*The Best Service Is No Service* became a brilliant icon for leading and guiding the consumer customer experience community. In *Your Customer Rules!*, Price and Jaffe address the customer side of businesses, flipping the old B2B model with fresh insights from global customer experience leaders. Open at any place and you’ll come away with solid ideas to improve how your company operates—a new icon in the making!”

—**Gary Hagel, chief commercial officer, Vodacom South Africa**

“Price and Jaffe continue to challenge business thinking on how to interact with customers. *Your Customer Rules!* is essential reading for the changes in business today.”

—**Jane S. Hemstritch, board member, Commonwealth Bank Australia, Santos, and Lend Lease**

“Building on the success of *The Best Service Is No Service*, Price and Jaffe have come up with an equally challenging concept in *Your Customer Rules!*: why and how to reorient the entire company to recognize that the customer is (and always was) in charge. Using fun cartoons, good (and bad!) stories, and clearly laid-out steps, they give hope that the successful company types outlined in this book can create great customer experiences.”

—**Jardon Bouska, chief operations officer, SafeGuard**

“The service industry needs to learn the clear guidance and inspiration in Price and Jaffe’s new book, *Your Customer Rules!*, especially now in the era of mobility and integrated, interconnected platforms. The explosion of multichannel contacts and the change of customer behavior and expectations in this multi-contact channel, mobile, and social network world must be managed in totally different ways. The management of customer expectations will have a new meaning and importance for companies in the future. Service is what customers want to talk about, and they now choose their preferred channel and provide the requirements of their needs based on service.”

—**Vicky Giourga, senior vice president, customer service, Home Shopping Europe**

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Today's Customers Demand

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*To Erika and Rachel
Rebecca and Patrick*

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PREFACE

The past ten years have seen a profound change in business: The balance of power has shifted back to the customer; businesses are no longer in control—now your customer rules! When we wrote our first book, *The Best Service Is No Service*, in 2007 and '08, sites such as Facebook and Twitter were just emerging. No one understood the profound implications of social media, the Internet, mobile access, and other explosive new trends. No one predicted the profound shift in information and power in customers' hands.

Today it is critical to respond to this new world, or to anticipate it and get ahead of the pack. We decided it was time to write our next book. We no longer believe that *B2C* or *B2B* are accurate terms to describe the way companies and customers relate to each other. We now see only a *Me2B* model: The customer directs the relationship, and businesses need to think first and foremost from the customer's point of view.

At the same time, we've seen a trend toward poor consulting in the customer experience space, creating the risk that important insights that could help companies adapt and grow would be improperly dismissed as a flawed or trumped-up fad. The average customer experience consultant seems to be focused on repeated research around detailed change journey mapping and an obsession with measurement and monitoring. Others home in on culture or measurement and feedback systems to the exclusion of everything else.

We have nothing against customer feedback surveys, research groups, or analysis of the customer experience. Yet our observation is that the industry of customer experience is starting to be dominated by those with a vested interest in only one or two solutions. We believe that meeting customer needs in this new era where your



customer rules requires a holistic and integrated approach, and that companies can save time and money by not making this a “research and customer feedback” problem. We suspected that there were some underlying principles to the customer experience that had never been clearly articulated but whose guidance was needed. So we set out to prove that companies could put these new principles into practice.

Our first book focused on simplifying, automating, and eliminating customer interactions, and at the end offered ways for organizations to maximize the positive effect of interactions when they occurred. This time we wanted to dig a lot deeper into what was required to deliver a great experience at every point of contact from pre-sales through using the products or services. Both of us run cross-industry forums where members seek out customer best practices and bring them into discussions as case studies. We knew that few organizations, even those with great reputations, rarely do

everything well for the customer. Our goal was to bring all those stories together to define what the ultimate customer experience—and the theoretical company behind it—might look like. With help from our global LimeBridge partners, we interviewed organizations that seemed to be doing things well and tried to distill out their “secret sauce.” The more we researched, the more we observed dominant patterns, which we ultimately boiled down to the seven key customer needs we describe in this book.

We present both good and bad stories that illustrate these seven needs. We have no hesitation in naming the good companies or good stories. However, we have deliberately not named the protagonists in what we have called the bad stories. This is because some of them have been clients of ours and therefore we are restricted by contracts and confidentiality. Rather than name some and not others, we thought it fairer to leave them all unnamed and we hope you enjoy trying to work out who they are.

Our Unique Process

This remains a very unusual collaboration. We live on different continents and are usually sixteen hours apart: David in Melbourne, Australia, and Bill outside Seattle in Bellevue, Washington, in the United States. (David always tells Bill what his next day will be like!) We only got together once in the same room during the writing of this book. Everything else was done using Skype, shared Dropbox files, and other tools. The fact that we’re able to work this way reinforces that, as in global business, incredible partnerships no longer need to be local.

We hope you enjoy exploring how your customer rules and the seven Me2B needs with us, learning from the many examples both good and bad that we’ve assembled here so that you can then build your own path to greatness.

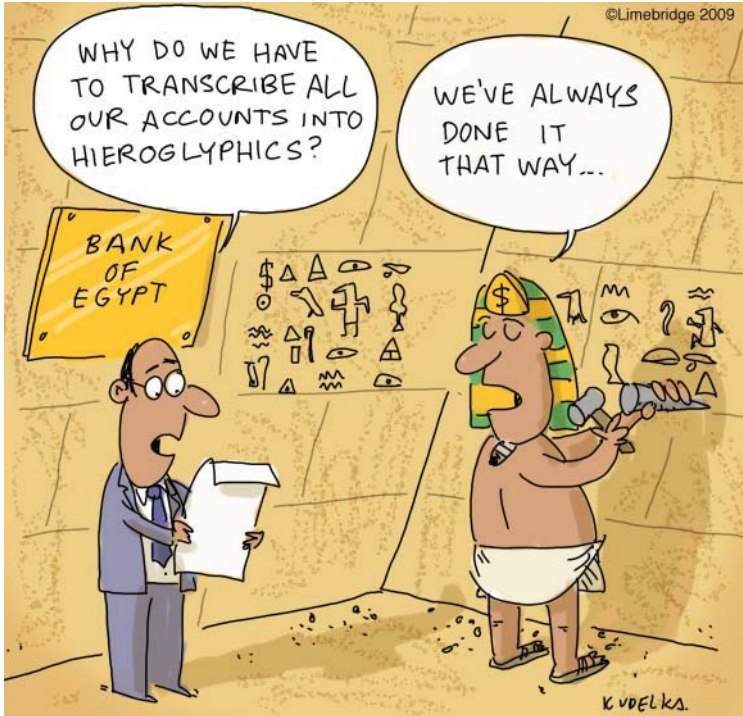
October 2014

Bill Price
David Jaffe

YOUR
CUSTOMER
RULES!

CHAPTER ONE

FROM B2C TO ME2B



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.

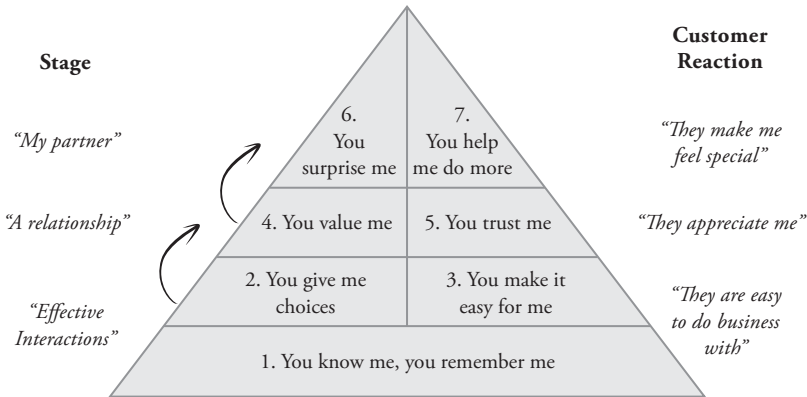


Figure 1.1 The Hierarchy of Customer Needs.

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.