
Position Paper

Delivering the promise:

How to satisfy customer expectations

An essay on customers' code

by André John Haddad

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Beyond our understanding of customers' requests and implicit expectations, there are other needs due to global changes. They are usually unspoken and unwritten. Nevertheless they are so important and fundamental that customers will do almost anything to satisfy them.

We will argue a change in customers' code from a Marketing point of view.

From a Marketing perspective, satisfying our customers' needs requires the following strategies: differentiating ourselves from the competition, generating internal growth a cut above competitors and becoming a solid preferred company in the eyes of our customers. To do this, there is a pressing need for Marketing specialists and company leaders to identify current and impending client issues, to capture emerging customer needs, and to develop a reflex for innovation. The implications converge around having a clear understanding of who our customers are and what are they becoming.

Our response is presented in this Position Paper. We have two objectives in writing this document: the first summons us to challenge our present understanding of our customers and the second

discusses how we can influence the handling of these issues.

So which client issues may emerge in the next few years that we are not quite yet aware of?

To answer this question, we must identify the potential client issues and what we must do today to start addressing them. We also need to recognize that client issues not yet on our radar screen could materialize quickly. It's also highly likely that some of these issues will directly impact our capacity to grow the business and become the preferred company in the marketplace.

Ecology

For a start, ecology and its related social values will most likely shape client requirements in the near future because of its global nature and impact all peoples, organizations, governments and nationhood. New realities are generated everyday through ecological values that impact our business one way or another. An analysis of the growing interrelationship between social, business and the natural realms, while opening the door for interesting debate, remains difficult to quantify at this time. However, there is much evidence leading us to believe that ecology issues will grow in size and importance.

Currently, ecological activism is being practiced by people from diverse backgrounds working at

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different social and political levels in a variety of settings. The ecology culture can be understood as a technological challenge, as environmental stewardship, and, for some, as a spiritual ideal. The ecological movement can also be viewed as analogous to health issues.

More importantly, the emerging ecology movement is in step with growing ethical issues. The resurgence of ecology and ethics is due to people realizing that our world is changing – and not necessarily for the better. And so an organic model (ecology and ethics) should help us explain the tremendous transformations in customers' needs and how we should understand them in the future.

Aging

We can also identify the aging phenomenon as an important client issue. In fact, around the world, many recognize this as a key concern because aging on this global scale has never been seen before in human history. Seniors represent a true mass market simply because of the numbers involved and their tremendous wealth.

Geographic mobility

The geographic mobility of customers is making itself known as a client issue, affecting our ability to offer uninterrupted service, setting aside traditional commercial and national boundaries and thus representing a clear challenge to traditions and practices.

Customer mobility is increasing as technology expands and as connectedness does away with the limits geography has long placed on business development. A dramatic reversal is occurring in migratory patterns. Whereas people used to move to where the jobs were, we are now beginning to see evidence that, more and more, jobs and money are moving to where people want to be. Conveniences, from fashionable restaurants to Internet access and appealing locations, are no longer mutually exclusive, and so people are indeed moving, particularly as the whole population ages. However we still require to develop efficient business relationships with our customers, and as far as we know, that does not happen over the Internet.

Information technology

Access to information through technology basically empowers people – and specifically customers – to take the initiative and acquire more control. Because of the Internet and wireless devices, customers are now equipped with new, more convenient gear that enables them to access any business 24/7. Customers are challenging and interrupting standard business relationships and practices that took years to establish and are now insisting on getting the changes they are demanding. The banking sector has set precedents here by introducing automated teller machines and virtual banking to reduce costs and increase customer access to services. As a result, customers no longer have to set foot in their banking outlet – an unwanted secondary effect and a radical change for both customers and service providers.

Distribution channels, pricing structures, and the way products are designed and delivered are but some of the new challenges business will face to even a greater degree in the next few years. Accordingly, the core challenge facing us comes down to reaching out to current and new customer segments, to understand them, to provide innovative products and to design new service portals while creating a relationship of value.

Free and low-cost phenomena

The low cost and free consumer phenomena are the result of customer and technological transformations. Today, Internet technology provides free title to otherwise expensive products, while eBay provides a low-cost alternative to traditional in-store shopping. Free downloading of music and films has shaped a culture of customer entitlement where it's OK to take something (read "steal"), because it's seen as being owned! As a result, the entertainment industry is struggling to find new distribution channels that are financially viable and curtail global Internet theft.

As traditional companies are struggling to deal with the onslaught of techno-powered competitors, more virtual business and distribution models are implemented every day through the Internet: They appeal to this free and low-cost culture. They encourage customer entitlement and do away with any notion of loyalty.

These amazing innovations are now surfacing in the marketplace. They are and will continue to impact business relationships with customers who want to interact with you. In the short term, companies will most likely accept what people are demanding – low costs, free products and services – in exchange for ... nothing! And our current understanding of free and low-cost consumer patterns is, at best, poor.

Customer rights

In context of product development and client servicing, issues include consumer rights and the potential limitations on gathering and manipulating vital client information. In this context, the increasing rate of contacts required with customers over the years has created privacy issues that need be taken into account when developing new products, programs and campaigns.

We know that in order to enhance consumer confidence, governments are constantly unveiling new consumer rights legislation designed to meet the needs and expectations of consumers and voters in this rapidly changing area. But are they ensuring a level playing field for business?

Even though a voluntary agreement to improve information to consumers is the most effective way to build confidence, governments are still passing laws they believe are necessary to protect consumer rights.

As a result, a few ancillary issues come to mind, such as our ability to lobby government officials responsible for privacy, the measures competitors are using to get around privacy laws, and strategies related to coming into contact with current and potential customers. All of which means that understanding the relationship between business self-regulation, government legislation and consumer education is essential.

Some may argue that customer rights have much broader implications than their role in the solution of specific problems would suggest. And, taken individually, their effect on the marketplace may be negligible or moderate. Collectively, however, they may wield the power to affect your ability to reach your customers.

That said, we should expect continued client volatility and unpredictability in the coming years.

Family transformations

The phenomenon of new family arrangements gives rise to government action to uphold its traditional responsibility for safeguarding the well-being of the family unit. While laws vary among nations, their common purpose is to ensure that, where possible, children have the opportunity to grow up in a secure family unit. Other benefits include child support and legal safeguards stemming from a legal bond with each biological or acting parent. This historical authority should enable courts and legislatures to fashion rules that favor the family, but where is this genesis really heading for?

What do we really know about the social and economic impact of mainstream family transformation? Multi-layered families, children with multiple parents and homes are phenomena that can be understood as a new human organization archetype, perhaps a new type of customer segment. Certainly family structures will have an impact on financial institutions inasmuch as determining prime responsibility and accountability.

In any case, new family roles are still linked to familiar themes such as caregiver, guardianship and knowledge provider. However, there's more to it than meets the eye. New family units can help us learn about new responsibilities, new social rules and thus the kind of services and products required in the near future.

In the meantime, demographic changes in developed countries have left marriage and parenthood elective, economically uncertain, and relatively unstable. We need to recognize that a parent's current partnership and parenting status are choices that can change, that are likely to change, and that respond to the social, economic, and institutional forces that also condition market behavior. Our present understanding of new family patterns and its impact on business is, at best, poor.

Sense of insecurity

First we can probably all agree that our parents typically have (had) one job, one skill, one career. Today, we change jobs and careers three to five times over a lifetime. As a result, many of our fundamental systems such as taxation, pension, health, education and training, were created over 50 years ago for others generations.

The relationships people had with governments in the last century were built on responding to vital needs, security being one. That term is very familiar today, but in the post-WW II era, it had a radical flavor. Security was provided through the police, political stability, strong leaders and religion: These were statements of democracy over chance and chaos. The genius of the post-WW II era was that individual hardships were transformed into societal opportunities distributed broadly across an emerging middle class. Taking a hard look at these systems today, we have to ask ourselves how long will they keep on working? Are they being transformed or replaced? And if so, by whom?

Second, we have come to a point where a cold war challenge is creeping over our collective consciousness: How can we, as suppliers, help build a sense of security for our clients in a perilous world?

Every day, people are concerned about conflict, violence, foreign threats, and the future of their children – right here in our backyard and around the world.

The massive economic shifts of the past years such as deregulation, the industrialization of China and India, free trade, the transformation of the family, have all generated strong new forces driving insecurity. These issues are colliding with our current beliefs; some of which touch on our current understanding of customers.

Self-service: A customer and employee servicing trend

There are more self-service formats and initiatives around the world than before: Car sharing, train and airlines, auto rentals, museums, funeral services, electric utilities, telecom companies, theaters, hotels, supermarkets, manufacturing plants to name just a few. They all have the self-service concept in common either to better service customers or employees.

We live in that world. That's not a revelation, but it's not just a consumer phenomenon. It's everywhere: In business, CEOs and CFOs, under pressure to be more nimble and to comply with government regulations, have gone self-service internally. HR departments have gone self-service also, with employees managing their own benefits programs online. Even IT departments are

somewhat self-serviced, with end-users often setting up their own networks, to name a few internal initiatives.

What do we make of this self-service trend? How will self-service impact customer contact practices? Although we have access to considerable self-service data, can we predict where it's going? We need to understand it in terms of distribution channels, segmentation and more importantly data protection / security.

As we said earlier the self-service phenomenon has made headway in all aspects of business because customers recognize the benefits of self-service. Almost since the advent of the Internet there have been tools that let people have transactions without ever talking or meeting another human being.

In doing so, customers eliminate the "middle man", the frustrations associated with the traditional transactions with company representatives, the waiting, the miscommunication that often occurs when discussing ideas and so forth.

With the exclusion of human contact, customers become more nimble, making decisions quickly and taking greater advantage of the information available to them. Ironically, self-service even helps customers who would normally want a face to face contact: With self-service platforms customers develop and acquire new skills to quickly access information on their own. Self-services also reinforce personal autonomy and introduces technology to customers who would otherwise not be interested. Unfortunately it also raises customer expectations, when they have no other alternative than to deal with a human.

Suddenly, clients can go through information in a million different ways, find the answers they are looking for, on their own, to their heart's content. There's no need to be polite, there's no chance of being bullied or slighted and there's no obligation to listen to someone who doesn't know... their business!

Marketers shouldn't feel threatened by self-service trends. It doesn't mean that traditional distribution channels are going to disappear, at least not yet.

Our challenge to understand human behavior in this area is critical, it's central to marketing execu-

tion. With the proliferation of self-services, we must understand the trend beyond its technology. Indeed, researching the self-service phenomenon offers the promise of more interesting and challenging customer contact opportunities, if we truly understand the value and correct positioning of face to face vs. self-service contacts.

What do we need to know more about in order to respond to those issues?

Customer insight

Customer insight needs to be seriously explored and developed by the Marketing community and leveraged by other functions. Learning more about what our customers are thinking is critical, not only to ascertain their level of satisfaction but to better understand how they are evolving and transforming their expectations. What's more, listening to the messages they are trying to send us and marketing new products and services before the competition because of this intelligence helps us solve problems before they erupt and surface. The information in the Voice of the Customer instruments may thus be an important source of customer insight above and beyond the satisfaction index. Your analytical capacity therefore needs to be expanded. The data collected generates customer insight through reliable analyses – the essentials needed to shape marketing plans.

To summarize, there is a constant requirement for “in-depth” customer insight and intelligence through data-gathering devices. The quantity and quality of the information required to develop customer insight will lead us to conceive improved segmentation and to develop a prospective approach to defining and understanding client needs. Such prospective approaches are, of course, quite different from the retrospective methodologies commonly used today.

Identify, quantify, and develop

The next few years hold much promise in sizable new markets. While technology is steamrolling ahead, fuelling and transforming entire industries, creating services we never thought possible, are we any better able to understand our clients? How will we identify client issues, quantify and translate them into facts, and then develop solutions and tangible products for customers?

People everywhere in the world are taking advantage of opportunities every which way. But because business and technology are neutral forces, they cannot guide the changes we require from within. In short, despite the impression of unlimited possibility, businesses are developing in ways we can only control if we recognize the new landscape. It's time to take a courageous look at customers and develop the processes that will identify and deal with client issues. Unless we take a good, honest look at how we identify, quantify and develop potential markets, we will chip away at our current and future client base until there is little left to hand over to future colleagues.

Strategic or tactical

Driven by cultural, economic and generational segmentation, schooled in the most sophisticated technologies and fueled by transnational mobility, people are forcing corporations to develop new ways of responding to customer issues and needs. The end result of this transformational change should be a new, more resilient approach to gaining a strategic marketing position, rather than reacting tactically and financially to client issues.

Intuitively we know that we damage one another's value when it's always and only about money! The *dollar only* based model doesn't pass the test if we really want organic growth. That's because as we have said earlier in this Paper, promoting your products and services will take place through facilitated and improved customer experiences with your people, your partners and distribution networks.

It's about a strategic belief built around a holistic and deliberate solution, and it's required now. Core elements include customer needs, workable segments, tools, products, services, sales, training, distribution and CRM ... all working as one, with a single powerful marketing and brand mindset.

With that said, where should we be taking the Marketing function to? To answer this question there are a few topics we should be looking at.

From Tactical to Strategic Drivers Marketing specialists must be strategically driven because we know all too well that markets are not going through normal evolutionary changes. As we said earlier in this document, it's transformational and it's all about taking the Marketing function away

from traditional or discrete media picks, daily habits and reactive choices. The shifts as described above require “driver” mindsets to lead the business out of its kneejerk traditions with specific and new orientations -that will work!

These orientations should include your own people’s understanding of these shifts (whether we like or not!) towards a new economy and very different customers. Here, products and services are judged by how effectively they form and enhance valued customer experiences with your people and your brand. It also means that your best products and services must be set within a range of much broader and richer experiences. Experience-based marketing is already a fairly well known quantity, however you may need to really understand and master it.

Creative Sales Networks We are also moving towards an informational driven era where the ideas and passions link people together. Ideas also ignite new experiences and loyalty and are the most treasured drivers of value. Today, creative ideas and sales networks are taking on the same importance that control and development once did.

Your Organization’s Capabilities Finally, if most of your asset growth potential is confined or restrained by a product-obsessed, make or break mindset, you will eventually create internal roadblocks to growth. Ultimately, it’s all about leveraging your capabilities, your people’s skills and know-how, their customer experience, your renewed technology and financial resources that will create the growth you are looking for, if resources are accessible and aligned.

For marketing specialists, this is a definite case for role enhancement and development. Strength or dominance can only be realized when you place the full capabilities of your organization at the disposal of your customers and business partners. It’s more than a mere tactic, it’s a transformation. Of course, it obliges you to spearhead new marketing relationships and attitudes from within and without through ideas and leadership.

Anticipate and innovate with “small” information

A second insight required to fully render client issues actionable lies in your capacity to anticipate them and then innovate. While we will discuss the

process of identifying emerging needs at greater length later in this Position Paper, much needs to be said at this point about how an organization can come to grips with “small” information. “Small” information is what we hear when we listen closely to a client. It’s discreet, unclear and sometimes lacks color because it is practically incomprehensible: We don’t get it! We don’t understand our clients’ ramblings about what they think and what they want!

Mastering the art of deliberately understanding customer needs is basically an act of growing through three phases: From a customer’s story to substance; then from clear expectations to capability; and, finally, from service to client retention. In the end, we promote what customers expect and what we can deliver.

First we start with listening to the little nothings that are usually found deep in the Voice of the Customer data streams, followed by, and maturing into customer concerns or client issues, which we then investigate through trend analyses, which in time become clear client *needs* and opportunities, and finally a market is understood with a sales network to work that business.

VoC: A valuable source of data

Data from the Voice of the Customer instruments need to be transformed into comprehensive opportunities to develop strong and powerful marketing strategies that embrace client issues.

Based on good information, your marketing strategies should thus vividly impact the company’s overall strategies and drive decisions. We can then create the statistics that explain the penetration rate by segment and the rate of growth by segment. These numbers will enable you to quantify and assess the opportunities we are putting forward for consideration. We also need to consider market dynamics, anticipate competitor moves and develop clear customer segmentation that reflects reality and facilitates decisions. This implies that, at the very beginning of the VoC process, we listen to our true customers and that we convert customer values into products and services. The marketing loop will then be complete.

Convergence of Organizations

A third insight required is how to bring about the convergence of organizations within your company to fuel and deliver growth. Without organizational solidarity, we foster the system disruptions that undermine quick and seamless product development and service systems. Such disruptions are not consciously designed to erode your delivery systems but nonetheless they damage your capacity to quickly bring together the people required to do the job.

How should we assess and secure employee and stakeholder commitment and involvement in your client marketing initiatives?

As discussed earlier in this Paper, your Marketing group has most likely been charged with the task of developing a marketing outlook, identifying the potential client issues you will face in the next few years, and developing a reflex of innovation. Now we turn our attention to the assessment of, and commitment to your client marketing initiatives. Here we will outline some unified approaches and the “mindset” we believe are required to assess and jump-start marketing proposals.

1. Current assessment practices

We know that traditional marketing practices are usually focused on sales and distribution versus product development, pricing and servicing. We also understand that marketing initiatives are usually measured through benefits derived, using traditional cost/benefit ratios.

As far as performance assessment routines, we know that existing methodologies have limitations due to their sectorial approach, which makes them less useful for benchmarking purposes. We also know that traditionally there is a lack of measurement on retention, and the real incremental value of initiatives is not always measured. From an organizational point of view, there may be some measurement inconsistencies between units within the same markets and across markets.

That said, we need to recognize that, while our methodologies has served us fairly well up to now, the tremendous amount of growth required in the next few years to compete, compels us to include other measurement essentials such as

investments. The issue at hand therefore comes down to how we can enhance our traditional assessment practices by including the measurement of insightful and intangible benefits.

2. Employee and Distributor Engagement

The message in this Paper is about been properly positioned to communicate to employees in order to create engagement, energy and initiative. What we usually do however is nothing more than communicate (and manage) a number to reach. From my experience so far, it does not appear to have triggered employee and distributor engagement or commitment for any significant length of time. In terms of an affective connection with corporate objectives, I haven't observed any obvious attempt to align the emotional state of employees or distributors with corporate goals or to openly answer everyone's unspoken question: “What's in it for me?”

In a hyper-competitive environment, we know there are rapidly escalating levels of competition and increasingly shorter periods of competitive advantage. Managers striving to understand and communicate corporate expectations to employees and distributors know that conventional goal-setting frameworks no longer work: They usually fail because, while we can adapt to temporary turbulence, continuous adaptation is difficult to maintain in a hyper-competitive state that ... continues indefinitely. Keeping corporate goals alive and interesting is a ceaseless challenge.

That said, your distributors are your media, intermediaries of sorts, intended to contact and develop business relationships with your customers. Consequently, it goes without saying that they need to be on board, strategically aligned, engaged and involved with your goals. To achieve this state of preparedness, training and development tools need to be made available to them. In addition, change-management processes will also be required to transform the distributors' one-dimensional compensation packages based on a “hunting, find the customer” role to a more multi-faceted one that mixes hunting and cultivating behaviors.

3. Innovation mindset and change management

We know of no “developmental mindset” for differentiating initiatives and for innovation. Obviously we cannot earn above-average profits for any significant period of time based on a single innovation or product feature. Indeed, a constantly changing environment not only eliminates any potential basis for a long-term advantage, it also opens wide the door to a whole host of potential rivals who may use a variety of technological and managerial platforms to further change the market in which we operate.

With new technologies, unexpected client behaviors and complex variables, relentless change has become a constant in the marketplace, generating unforeseeable outcomes. Moreover, the rapid pace of change is expected to continue well into the future. Not surprisingly, managers find it difficult to make decisions in such an environment and tend not to encourage innovation. This is what we might call a mindset deficiency; one that fails to respond to difficult challenges with innovation and risk-taking.

At this point we can legitimately question whether our performance assessment criteria are at the root of this “safe mindset.” What is missing is a decision-making mindset that encourages innovation. Innovation needs to be a key component in performance assessment to get this message across. Let’s look at “mindset” in this context, specifically the relationship between time, risk, and innovation.

Much is known about how people make decisions when subject to varying levels of stress or risk. Less is known about the basis of their decision-making when innovations are required in a short period of time. Hobbled by time constraints and with little information, managers may not dare to “risk to innovate”. In fact, it could be argued that, in any decision concerning the promotion of innovations, ambiguity about probabilities should not invalidate a new idea; on the contrary, it should positively impact a research response.

What is needed is an innovative and patient mindset for the development of differentiating proposals, plus more time to deliver mid-term initiatives. Using short-term criteria to assess marketing initiatives may not always work to your

benefit, and so understanding the relationship between time, risk and innovation is mandatory if a manager is going to succeed in the face of turbulent and rapidly consolidating markets.

Making strategic shifts and staying creative without a lot of second-guessing is the order of the day. However, few initiatives can generate differentiating products and impact the business instantly! We therefore need to develop an innovative and patient mindset, together with a consistent development approach across the organization.

Who will be our clients in the future? What are the emerging markets?

Today organizations face hard questions: How to innovate in a tough, intricate and changing segmented marketplace? How to expand your business and take care of your present customers? How to deal with agile and innovative competitors?

This is what we know currently: The world is a consumer economy, with interchangeable products and services. It’s also a zone inhabited by customers who are now commercial resistant, unaware of our market segmentation and unaffected by brand proliferation. The zone is mostly about competition, organized citizenry, concentrated channels made of distributors with a lot of power and an experience-based marketing model.

As we know, conventional marketing approaches operates inside a specific market definition, applying segmentation and positioning, adapting current products and services in order to create varieties. It’s a linear process that goes from the macro toward the concrete – through a sequential and logical thinking process. Different approaches were required to punch through the barriers of estimating future consumer needs and emerging markets.

To achieve this objective we need to be more customer-intimate and bring a new perspective to the way we understand our customers and how we will reach them. We also need to discover unsuspected problems, detect unrealized potential, and understand the dynamics involved to reach new customers.

Projecting your business into the future also requires a few signposts that structure possibilities and assumptions. To do this we submitted to marketing specialists a fictitious short history and a

series of socio-economic signposts scheduled between 2005 and 2020: They served as background for a reflection.

Signposts touched on economics, energy, environment, health, mobility, natural resources, politics, religion, science and social trends.

Marketing specialists proceeded to extrapolate potential business capabilities required for each time period, potential customer needs and potential impact on the bottom and top line performances.

Emerging Markets and Emerging Needs

By definition new markets are the stuff business successes are made of, especially when they can be detected and then turned into business opportunities. While the data presented does not pretend to identify all emerging markets and new customer

needs, we nevertheless gave it our “best shot”, with a closer look at what we are doing now, an analysis at what people are telling us about products and their future needs.

We developed the data found herein with the following objectives:

1. Find customer needs that may strongly emerge.
2. Identify the business capabilities required.
3. Assess the impact of emerging trends on organizations’ bottom and top line performances.

What do we know about emerging customer needs today?

In terms of dealing with emerging customer needs, marketers were satisfied with their product line and at times copy other company’s products and innovations. Marketers admitted to react to fully articulated client needs, which, unfortunately, are more often than not, too mature to be considered a business opportunity by that time. Although emerging markets and new customer needs can be identified and captured in the future through a disciplined business approach, marketers have not yet established a continuous client watch process. The emerging needs presented here are a first attempt to understand what’s in sight in the marketplace.

What do we require in terms of business capabilities?

Health

In terms of health issues and customer longevity, businesses will require sophisticated data to assess, and be in a position to benefit from business opportunities. The same need for data applies to influenza pandemics, quarantine and food contamination, as they relate to our capacity to offer safe products to customers. Similarly, changes in travel behavior because of health concerns (at home and abroad) will require flexibility in the development of new products and their guaranties.

High net worth market

Higher asset concentrations will lead to more high net worth customers. Will your sales organizations be in a position able to effectively deal with this type of customer?

Climate change

Escalating climate change and catastrophic events will require additional data to data on homes, businesses and civil infrastructures and development. We need to re-examine individuals, companies, and, possibly, governments. In this context, how will retail businesses change in the light of climate change? We will have to develop new business models?

Social and business change

A rise in the crime rate and the advent of new offenses will create additional customer needs. New technology made available to protect businesses, homes and property will in turn impact consumer behaviors.

Job stability for young customers is a central issue. While many new jobs are being created, a significant number of them are temporary or part-time. Younger customers are facing new forms of employment, along with a lack of job stability. Some of the issues we need to look at are: they have little wealth and may have difficulty obtaining a mortgage; they may live at home longer with their parents, who, of course, have the resources; they would like to own a house before starting a new family. How will we reach them if we don’t have a

specific address? Some of them will not get married until they can afford a house.

Reciprocal loyalty or retention strategies

Creating retention (loyalty) during a crisis

Organizations must use the right strategies and specific actions to win and keep both customers and employees. Most managers realize it costs more money to attract new customers than to keep existing ones, but few know how to keep their customers in the current business environment.

How can customer and employee retention be achieved?

What is the retention concept really about?

What can cause a company to lose customers and employees?

Here are few insights into what's behind what we commonly call loyalty, the code for understanding retention, the nature of loyalty, words to use, and words to drop.

We know that people are exceedingly nostalgic towards loyalty. We believe that we know what loyalty is all about, but we also know that we don't have it any longer. Since we long for it, we are prepared to do whatever it takes to get it back. Although we secretly know that true loyalty doesn't really exist, we want it so badly that we are willing to pretend it does.

Pretending that we have developed customer loyalty generally leads us to dysfunctional behavior during a customer crisis. We lose our way. We don't really know what to do and when faced with a customer's intent to sever their relationship with us, we grind to a halt!

We have learned that people are avid for loyalty even though we feel (at the same time) that nobody is truly loyal towards us. But still, we hope to recapture loyalty!

Nostalgia toward loyalty can be seen in the relationship many people have with their best friends or favorite pet.

Our exaggerated and nostalgic feelings towards loyalty come from our first experiences and our dealings with our parents, brothers and sisters.

When we were youngsters, at home, there was harmony, comfort, and loyalty. Our meals were always provided on time; we didn't have to worry about anything. But one day we were expelled because... we wanted to be independent and free to do whatever we wished.

We have all experienced this separation, but how we understand it differs from one culture to another. The Western archetype for separation is reminiscence or nostalgia. We want to believe that we can re-create this feeling of loyalty. Since we have such high expectations about that, we become frustrated when that expectation isn't met.

When organizations say, "No one cares about loyalty anymore," they fail to understand the point. People are very frustrated with the constant changes, upheavals and inconsistencies the current business environment has to offer. Customers and employees really want clarity and a sense of certainty. If organizations can discover the code for retention or loyalty and offer it to their customers, they would increase their competitive advantage.

What is that code (or key) to draw on people's nostalgic feelings toward loyalty?

The code for retention or loyalty is to be there for them. Once again, the code ties back to family practices, with those who raised us. Our parents were always there for us. So, we expect that those who are loyal will always be there for us also. Whether it's a relationship with a parent, a spouse, an employer, or a supplier, we determine loyalty through relationships. True customer retention is based on whether an employee or a business is there for us when we really need them, when we are in a jam.

Creating retention (or loyalty) during a crisis

The best moment to create or reinforce retention is when there is a crisis. Creating retention during a crisis is an opportunity where employees exhibit the following four behaviors:

1. In a crisis, an organization needs to be in the *here-and-now* all the time. We have to be accessible when customers need us. Customers should be able to reach an employee (not an answering machine) 24 hours a day.

2. In a crisis, an organization should not argue or try to explain to a customer that he's wrong or worse that he has made a mistake. In a crisis, the customer is categorically right to talk to us in any way he wishes and we should be careful not to patronize him or tell him that we understand his plight before he has had the time to tell us what's happening!
3. In a crisis, an organization should go the extra mile and do more than what is normally expected. It's not the effort that counts but the fact that we take the time and special actions to *quickly* correct the situation. We want customers to have a memorable event with us. We would like them to talk about us in positive terms to other potential customers.
4. In a crisis, an organization should not view a crisis in negative terms. A crisis presents a great opportunity to create retention for a long time. A challenge provides an extraordinary opportunity for an organization to show that it cares. If we are reachable when a problem arises, if we recognize a customer's problem rather than argue about it, and if we resolve the issue at hand, the customer will stay with us. We should understand a crisis as a challenge: the moment to capture customer loyalty.

Just as certain behaviors create retention, other behaviors will generate frustration.

1. We should not try to buy our customers. It's rarely about a money issue only, or coupons, or extra frequent-flyer miles or upgrades. Just as people cannot buy their friends, organizations cannot buy loyalty. This is a mistake made by many. Ultimately, customers switch when something is better elsewhere and there's no one to talk to.
2. We cannot negotiate retention: "If I do this, you will stay with us." Retention is invariable. Deal-making or bargaining does not generate retention.
3. Rather than say no, employees should say "Let me find out what I can do for you." We must not hide behind company policies. Policies are there to help businesses do business!

AJH