Is Customer Experience even relevant anymore?
The COVID crisis is changing what customers value. That should provide an opportunity for companies and even for capitalism itself.
“Our company is guided by three deeply held beliefs: that brands with purpose grow, companies with purpose last, and people with purpose thrive.

And we think that refrain is going to be even more relevant in a post-coronavirus world than in a pre-coronavirus world. So we will not waver one iota in our commitment to purpose-led business.”

Alan Jope, CEO Unilever

What matters most to customers

In 1943 Abraham Maslow published his famous A Theory of Human Motivation which has influenced marketing and advertising thinking ever since.

Many readers will be very familiar with his Hierarchy of Needs, so why mention such an old concept now? Because it helps explain how customers are reacting to the current coronavirus crisis.

The first three basic needs are those essential to life and we’ve seen plenty of examples of customers valuing these:

**Physical:** The need for food - people have been hoarding staples like flour and pasta.

**Security:** The need to protect oneself from harm - consumers have been bulk buying face masks, toilet paper and hand sanitiser.

**Social:** The need to connect with others - witness the huge take-up of Zoom.

Maslow argued that only when basic needs are met are we motivated by the higher order needs. Some might question whether these are currently motivating people.

**Ego:** The need for status and recognition - buying luxury fashion items, for example, sales of which have plummeted recently

**Self-Actualisation:** The need to fulfil one’s potential - exploring new countries, for example. But lockdown is limiting where people can go. And is there much appetite for personal growth if you are worried about paying the mortgage?

If the coronavirus has focused customers’ attention on meeting basic needs, is customer experience, focusing as it does on those higher order needs by providing psychological as well as physical benefits, relevant anymore?

Well, there’s plenty of evidence to show that customers are still looking for something beyond their basic needs. It’s just that those higher order needs are subtly changing. And what customers are increasingly looking for are companies who show a concern for something more meaningful than their cashflow.
What are companies doing?

The media tell us that we are in a war against the virus. And, of course, any good war needs its heroes and villains. The media have duly obliged us with some.

**Sports Direct**

Mike Ashley, the CEO of the leisure wear retailer Sports Direct, argued that his stores should stay open to help the UK keep fit. He then hiked the price of gym equipment by 50%. Needless to say, consumers were not impressed, and he was soon making a public apology.

**JD Wetherspoons**

Tim Martin, the CEO of JD Wetherspoons, wanted his 874 pubs to stay open because ‘there was hardly any risk to the public’. When legally obliged to close, he laid off all his staff without pay and told them to get a job at Tesco.

**Tesco**

Tesco, on the other hand, gave all its staff a 10% bonus for the extra work they are putting in and is focusing on deliveries to its vulnerable customers. As Tesco’s brand promise says: ‘Every Little Helps’.

**Fullers**

The brewery Fullers wrote to all its pub tenants, who are in effect the brand’s customers, saying that it would cancel all commercial rents because “it is imperative as a business we ensure your survival”.
So, some very different company actions, but how will customers respond? It is hard to predict the future, but we can let history be our guide.

In October 2012, the United States was hit by the largest storm on record, Hurricane Sandy. It raged for 48 hours and in that time 85 people lost their lives and 8 million were left without power. Some brands saw this as a sales opportunity.

American Apparel, for example, targeted customers in the nine stricken states with an advertisement saying ‘**In case you're bored in the storm, 20% off for the next 36 hours**’. Consumers reacted with anger at this commercialisation of a crisis and social media channels were buzzing with outrage. Contrast that with two other brands.

**Tide**, the washing powder manufacturer, loaded up a truck with 32 washer-dryers so that people could clean their clothes. 

**The battery manufacturer Duracell sent mobile charging stations to Lower Manhattan so people could recharge their phones and call their loved ones.**

American Apparel acted as if it was motivated by short-term profit, whereas the other two brands acted as if they were driven by a desire to help people. Tide and Duracell are both brands of Procter and Gamble. P&G’s purpose is “to touch and improve more consumers’ lives with more P&G brands and products every day” and in the crisis of Hurricane Sandy they acted on that purpose. **After the storm, American Apparel lost market share and eventually went into Chapter 11 administration, whereas P&G saw its market share increase.** In fact, P&G has always done well in tough times, because, rather than cut costs, which is the typical knee-jerk reaction of brands to a downturn, its leaders choose instead to invest in their brands and their customers.

**P&G’s purpose is “to touch and improve more consumers’ lives with more P&G brands and products every day”**
What do strong brands do?

WPP/Kantar conducts worldwide research every year into the 100 strongest brands, measuring their performance against the general market.

As you can see from this graph, the strong brands shown on the chart (in blue) produce market returns significantly higher than the market overall. The interesting thing to note is that during the financial crisis of 2008/9, while all brands declined, the strong brands bounced back much more rapidly. P&G is one of those brands; it has historically performed very well in downturns because consumers want to deal with strong brands that they know, trust and love.
Our research, writing and experience over the past twenty years suggests that to be a strong brand that thrives after the current crisis you need to do three things:

1. **Act on Purpose** – Have a clear understanding of the value you bring to your customers and society and act accordingly.

2. **Make it Personalised** – Deliver an experience to your customers that is optimised for their needs.

3. **Move with Pace** - Be agile and adapt quickly to changing market conditions, taking your people along with you.

Let’s look at these in turn:
1. Act on Purpose

We wrote a book in 2015 called On Purpose - Delivering a Branded Customer Experience People Love.

We researched strong brands and interviewed their senior executives. We discovered that the main thing that sets these brands apart from the average organisation is their strong sense of purpose, a clear understanding of why they exist.

We also found that there are three types of purpose;

**Brand** – creating value for customers

**Commercial** – creating value for stakeholders and executives

**Social** – creating value for broader society

The best brands balance these and see them as connected. But they believe that the place to start is with brand purpose, i.e. satisfying the needs of your customers, because if you do that it leads to commercial success and shareholder returns. And if you do that in a way which is socially responsible, then you can sustain success long-term. This is a sea-change in the way many organisations are governed, because over the past 50 years or so most publicly listed companies have followed the economic school of thought espoused by academics like Milton Friedman – that the primary purpose of a business is to increase value to its shareholders.

Most but not all. As **Alan Jope, the CEO of Unilever** (P&G’s greatest rival), said in a recent article:

“We believe that if we look after our employees and our customers, if we worry about society and the planet, if we take care of our supplier partners, then our shareholders will be well rewarded.”
This shift in primary business purpose to delivering value for customers responsibly rather than shareholders may be a new form of capitalism that we shall see becoming increasingly common post Covid-19. The World Economic Forum which hosts the annual summit at Davos evidently agree because they took out a full page in the New York Times in December 2019 announcing: “A company’s Purpose is the Fourth Industrial Revolution.”

A perfect example is Amazon. For its first few years, Amazon focused relentlessly on its purpose “To be the earth’s most customer-centric company” rather than creating a return for shareholders. Today, Amazon is the world’s most valuable company, and Jeff Bezos is the wealthiest person on the planet and has pledged $10bn to addressing climate change.

Spire Healthcare, a client of ours, is another example. It’s the largest provider of private healthcare in the UK. We had the privilege of working with Justin Ash, the CEO, and his leadership team to define their purpose in 2019. After much research and debate it became: “Making a positive difference to our patients’ lives through outstanding personalised care”.

The purpose was discussed and agreed at a major conference with the whole leadership team and then cascaded throughout the organisation. Its impact has been profound. Unlike some private healthcare providers who have increased their prices during the coronavirus crisis, Spire Healthcare has made all of their resources available to the NHS - hospitals, equipment and people. They have postponed their own client appointments to handle time-critical procedures for the NHS.

But what about their own client experience? They have personally communicated with all their private customers to offer:

- Virtual consulting by telephone and online
- Virtual physiotherapy

and promised that as soon as the lockdown is lifted, they will be in touch to reschedule appointments. John Forrest, Spire Healthcare’s COO, told us:

“Our Purpose allowed us to move quickly and make rapid decisions without a lot of debate. It also gave all our people a structure for making local decisions to provide outstanding personalised care without having to constantly refer upwards.

We have instituted daily communications with ‘shout-outs’ to recognise people and share specific examples of where we have delivered on our Purpose to reinforce the effort.”
We use a concept called ‘Loose-Tight’.

Most organisations are very ‘Tight’ in specifying procedures, standards and policies but very ‘Loose’ in saying what they stand for and how they wish their customers to feel. We advocate reversing these two and being clear about your purpose, your brand promise and experience and then empowering your people to deliver it. This creates a structure that promotes creativity and accelerates decision-making at all levels.

Since we wrote On Purpose many organisations have embarked on defining a purpose and many agencies have happily jumped on the bandwagon to help them copywrite suitably cool statements. But from our point of view, having an agency write your purpose completely misses the point – it’s not just about having a purpose, it’s about behaving on purpose.

In the twenty years we have helped leadership teams with their customer experience, we have found that to successfully shift from competing on products or services to ‘experiences’ you need to make the experience:

- Consistent
- Intentional
- Differentiated
- Valuable

Apple is a perfect example of a brand that epitomises these criteria. It started competing by making great products, then differentiated through services (iTunes for example) and now competes by providing a highly distinctive end-to-end experience, not least via its iconic stores. It vies with Amazon as the world’s most valuable brand.

To behave ‘On Purpose’, you have to deliver a customer experience that dramatises it and delivers it every day.
2. Make it Personalised

In 2002 we wrote our first book Uncommon Practice, in which we studied companies with highly differentiated brands, which focused on offering a distinctive customer experience and had high levels of both customer and employee loyalty.

One of them was the UK bank First Direct, which describes itself as ‘the bank designed to fit around you’.

The financial services sector is notable for self-serving behaviour and prioritising the needs of its shareholders rather than customers. But there is an exception to every rule and First Direct has consistently placed customers at its heart. From its beginning, it made its contact centre an ‘experience centre’ to provide a high level of personalised service. So much so that it eschews the ubiquitous automated answering systems in favour of real people answering calls and measures the effectiveness of each call in terms of the customer experience, rather than how quickly the call can be ended.

Twenty years on, its ethos remains. Early in the COVID-19 crisis, First Direct personally wrote to customers saying

“We’ve been reviewing all of our products and services to ensure we provide you with financial support during the coronavirus outbreak. Our 1st Account already offered a £250 interest-free arranged overdraft as standard; as a temporary measure it now won’t cost you anything to use the first £500, up to your agreed limit.”

They waived interest on the first £500 and halved the rate for the rest.
Contrast that with **Lloyds Bank** whose stated purpose is ‘Helping Britain Prosper’ and whose advertising tag line is ‘By your side’. How do they demonstrate it? Well, apart from the fact that they have been closing branches for some years, so, arguably, aren’t even ‘close by’ let alone ‘by our side’, they were criticised for being very slow to approve loans for small businesses.

**Despite having 19% of the small business market, according to a report in the Sunday Times they had only approved 14% of their customers’ loans within weeks of the scheme’s availability.**

This was some way behind NatWest who had approved 40% of their loans. Lloyds also reduced their interest rate on deposits to 0.01% (along with the other high-street banks) meaning customers earn £1 for every £10,000 on deposit over a year, and yet doubled the interest rate on overdrafts with a special ‘personalised’ rate of nearly 50% from April! Under pressure from the media and the FCA, Lloyds (and other high street banks) have since rowed back. Given that UK taxpayers bailed Lloyds out during the financial crisis in 2008, they might be asking whether it’s about time that Lloyds delivered on its purpose and helped Britain out now.

It’s no surprise that First Direct has consistently won plaudits and the highest Net Promoter Score score of 66% in the UK for its focus on personalised service to customers, compared with Lloyds on 8% according to data from the retail research firm, Verdict.

**Let’s look at a B2B example,** because that has always proven to be the most difficult sector to apply customer experience, even more so when it is financial services. Nuveen is one of our US based clients. It is a trillion-dollar Global Investment Manager. It offers a broad array of asset classes and funds, but is known for its socially responsible positioning. We worked with the leadership team to define their purpose statement at the beginning of this year and then conducted research and a customer experience workshop to design the experience to deliver it.

As a result of its purpose ‘We invest and act responsibly to create an enduring impact on our world’ Nuveen quickly repurposed investment properties and storage facilities for medical equipment and has converted properties to temporary medical centres.
From our research for Nuveen, a key client requirement was proactive communication. Clients wanted to be given information as early as possible about factors affecting their portfolios. We designed a new client experience with the leadership team that selected certain touchpoints as brand hallmarks. We call this our ‘ECG’ graph because it is like a heart line for the brand. For the sake of confidentiality, we won’t go into detail, but suffice to say that Account Management and Monitoring was selected as a key area of focus.

As a result, Nuveen was one of the first investment managers to communicate with their clients about the impact of COVID-19 on the global markets with daily videos filmed by their Chief Strategist from home. They also started a series of conference calls with investment managers and clients. They have received tremendous feedback on the timeliness and strength of their investment content from clients, and it has also brought the company together as one team. They launched the ‘Nuveen Impact Grant’ which allows their sales professionals to give grants to support their own clients’ philanthropic efforts, enabling them to put the money to work at a local level. For example, one grant to Boston Food Bank gave 15,000 meals to people in need.

Jose Minaya, Nuveen’s Chief Executive Officer, recently wrote a personal letter to clients informing them of how the firm was continuing to support their needs and said:

“And as a private enterprise truly aligned with our clients, we are free from the distractions of managing to a stock price or quarterly earnings and able to focus solely on delivering the best outcomes for our clients and our world.”

His emphasis on delivering a purpose-led customer experience is exactly the shift towards a ‘new capitalism’ that we advocate, and leaders like Jose Minaya are in the vanguard of this movement.

The days of billionaire shareholders of publicly listed companies pleading for government hand-outs from their tax havens whilst still awarding themselves huge dividends are perhaps numbered.

“We invest and act responsibly to create an enduring impact on our world”
3. Move at Pace

F1 (Formula One Motor Racing) is probably the fastest moving industry on the planet. Every season brings new regulations and challenges and the teams are competing to save fractions of a second. Huge sums of money are invested in trying to extract a fractional advantage over competitors. Nowhere is this more apparent than in the pitstop. In 2019 the Red Bull team broke the record for the fastest pitstop in history at an incredible 1.82 seconds in the Brazilian Grand Prix. What was the secret to moving at pace? We believe it can be summed up under these three headlines:

Collaboration
Pivot and repurpose
Mobilisation

These are principles that any business can apply in a fast-changing world where agility is crucial.

Collaboration

The coronavirus crisis has provided an opportunity for collaboration at speed. Project Pitlane is a consortium of seven F1 teams sharing resources and technology to develop a new ventilator for coronavirus patients in record time. It is already being manufactured by McLaren and other technology partners.

Collaboration is happening at pace in another incredibly competitive industry – big pharma. GSK is working with its greatest rival, Sanofi, to jointly develop a COVID-19 vaccine. Sanofi will contribute the antigen and GSK will contribute adjuvant technology to boost potency. They hope to develop the vaccine in 18 months rather than the usual 10 years and produce millions of treatments which, of course, will benefit consumers but also the two ‘competitors’.

When your purpose is about doing good for your customers and the world they live in, then sometimes, your competitors will be your collaborators.
Pivot and repurpose

At the start of the coronavirus crisis, an NHS Trust Manager wrote to the BBC asking if they could put him in touch with the luxury brand Burberry. He wanted them to make face masks and gowns for his hospitals. And Burberry are now doing so at their Castleford factory. We worked with Burberry to define their customer experience some years ago. Burberry’s purpose is ‘Democratising Luxury’ which means that though they want to be aspirational, they also want to be accessible. Their quick pivot to making masks and gowns is an example of rapidly repurposing your teams to achieve a different outcome whilst staying relevant for customers and true to your brand.

Mobilisation

Mobilise people but when you do make sure they are engaged and quickly become productive. 750,000 people volunteered to become NHS helpers, but there is widespread criticism they are not being used. Linda Moir, our colleague who ran the London 2012 Olympic Gamesmakers’ team, says that it is vital for people to feel that they are making a difference, so when you have volunteers you must ensure that they are fully used. They need to feel part of a movement, part of a greater cause. And they must be enabled to make a genuine contribution to that cause. That takes us to our last point.
One of the best ‘feel good’ stories in this crisis in the UK is that of Captain Tom Moore. He’s the 99-year-old pensioner who decided to walk 100 laps of his garden using his Zimmer frame just before his 100th birthday to raise funds for the NHS.

At the time of writing this article, he had raised an incredible £32m ($40m) from donations worldwide. He managed to raise so much because he created a movement whereby people could engage and immediately make a difference using social media. And that takes us back to Abraham Maslow.

We started by talking about his Hierarchy of Needs, in which Self-Actualisation was the pinnacle. What is much less well known is that shortly before he died, Maslow published a paper called Critique of Self-Actualisation Theory in which he said: ‘I got it wrong’. In fact, the highest order human need is what he called Self-Transcendence - contributing to a higher goal beyond oneself. Captain Tom has probably never heard of Maslow, but he certainly understands the concept.

There is evidence that customers are now looking at the higher goal that lies behind the companies to which they are giving their hard-earned cash. They are expecting better behaviours from those companies in terms of how they treat their employees, how they impact society positively and, yes, how they add greater value to customers’ own lives.
Summary

So, is customer experience relevant anymore?

Well, it depends. If you define customer experience as some form of gold-plated service for a few high-value customers, then it probably isn't that relevant at this time. If, however, you define it as we do, which is providing consistent, intentional, differentiated, value to your customers that improves their lives and the world in which they live then, arguably, it becomes even more important.

Some people believe that post COVID-19, business will simply revert to normal. Others believe that nothing will ever be the same again. Our view is that the best brands will adapt and use this as an opportunity to rethink and reboot their business to suit the new reality of a more conscious and community-minded customer, as brands like Spire Healthcare, Nuveen and Burberry are doing. Others will slip back into old habits and struggle, and the brands who were not that good before the crisis, but being propped up by a booming market, will simply disappear.

But what won't change is the relevance of customer experience. The fundamentals of needing a strong brand, a clear purpose, focusing on your customers and ensuring your leaders and people are aligned and able to operate at speed will not change and will become even more important as consumers focus on what is most important in their lives and the brands that can provide it. And that requires a completely joined up approach to a branded customer experience.

Andy Grove, the former CEO of Intel said:

“Bad companies are destroyed by crises, good companies survive them, great companies are improved by them.”
A purpose-led approach to business will not only improve those great companies, it might also change capitalism as we know it for good.

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“I think the capitalism that’s evolved over the last 20 years is going to have to change into a more equal, distributive model.”

Alan Jope, CEO Unilever
Smith+Co was founded in 2002. We believed then, as we do now, that customer advocacy and loyalty are created through defining a customer experience that is aligned to a brand’s purpose and what it stands for.

Over the years we’ve helped many brands create clarity around their brand purpose and how to translate this into an experience that differentiates the brand and wins customer loyalty.

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The Caffeine Partnership is an award-winning strategic consultancy which specialises in brand-led business growth. Our team are expert strategists, boardroom advisers, creative thinkers and powerful presenters. We help impatient leaders define their brand purpose, engage their people and deliver what matters most to their customers. We regularly write and speak at conferences and in the press on the impact of brand on business growth.

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