OSG White Paper: The Rising Importance of Customer Centricity in India

Growing Role of the Customer

India has always been a concentrated market with only a handful of business houses accounting for nearly all the production within a given industry. The demand for products / services was never an issue and companies were solely focusing on becoming operationally efficient. However, over the last couple of years there has been a significant shift in the market dynamics owing to the growing competition, ever demanding customers, and diminishing resources. Companies are fast realizing the importance of customer loyalty and retention in order to achieve sustainable growth. In other words, competitive success in the market has necessitated companies to understand and meet the needs of the customers and thereby become more Customer Centric.

What is Customer Centricity?

Customer Centricity is commonly mistaken with Customer Relationship Management (CRM), where a company ends up investing in technology and people to provide a better experience to its customers. However, customer centricity is all about centering their business model on the customer rather than the product/services. Customer Centricity is about understanding your customers' needs and valuing their interests; and not simply enhancing customer services to greet customers well.

It involves realignment of business values, culture, processes, and organizational structure in order to meet needs and demands of customers. Company Managements are required to create a culture where the customer needs and satisfaction are at the center of all strategic decision making.

Customer Centricity: The Context in India

Indian companies have gradually started realizing that customer centricity results in a long-term profitable relationship with their customer which ultimately has a sustainable and substantial positive impact on the profit margins. Several companies have made fundamental changes to their strategies to focus on customers' needs and want so as to maximize satisfaction in every aspect.

Online retailers, like Flipkart, have realized the value of customer focus and aligned its business model especially logistics and services to suit the comfort level of its customers. Through provision of ample payment options,

 honoring the right of customers to reject a delivery, and empowering customer service sales executives to take on-spot decision to address concerns of customers, Flipkart has managed to reassure its customers that their best interest is of prime importance to them. Similar focus on customers' needs and interest is also seen among online travel space.

 In the automotive space, Tata Motors seems to be realigning its business strategies to gratify needs of its customers. It realized the last mile access problem faced by its customers and decided to manufacture small commercial carriers called ACE to solve the issue related to access to deep interiors. The decision to manufacture low costing Nano was triggered by the perceived need to provide a safe and affordable transportation mode to those who ride two-wheelers with the whole family.

Yet another example is the fast adoption of the hub and spoke model by various organizations including diagnostic labs for sample collection, to provision of services of vehicles so as to better serve the customers in Tier II and III cities of India.

Clearly, all these are examples highlighting the commitment level of companies in order to meet the needs of the customers. There is a fundamental shift from "management of demand" to "responding to customer demand" i.e. rather than creating demand for an existing product through influencing people into buying, these companies decided to adjust their capabilities, products, processes to meet their customers demand.

Understanding Customer is Fundamental to Building a Customer Centric Organization

In order to serve customers well, it is imperative for companies to first know them. The companies need to invest time and money in knowing the profiles of their customers, their plans with respect to offerings of the companies, their priorities and preferences.

The relevant information is gathered, processed, and analyzed so as to capture the true drivers of customer preferences. True drivers can also be identified using advanced research technique(s) that forces respondents to trade-off between drivers that models how customers make real-life choices.

CUSTOMER FUNDAMENTALS	+	MARKET FOCUS	=	CUSTOMER CENTRICITY

• Customer buys products based on needs and preferences
• Each Customer is different
• Customer looking to partner for outcomes and specific needs
• Consider Current and Future needs
		• Identifying future customer needs and outcomes is key
		• Strategy: target right customer with right value proposition
		• Requirement: Design/Integrate
		  • Product
		  • Pricing
		  • Positioning
		  • Promotion
		  • Distribution
				• Based on future needs and outcomes
				• Requires a 360 degree fact base about customers
				• Implies that several groups and individuals will play a role in delivering customer centric value
				• Demands that serving your customers is done in a manner that is ethical, in compliance with laws and ethical standards
				• Drives growth through
				  • Innovation/new products
				  • Reduced commoditization
				  • Enhanced branding
				  • Improved go-to-market plans

Through processing and analyzing of such information, an organization can build a value proposition around what customers truly need, and will want in the future, thus laying a strong foundation for a profitable business based on sustained engagement with customers:

About Optimal Strategix Group (OSG)

OSG helps clients grow their business by becoming more customer-centric through insights, analytics, advisement and technology. The company helps clients understand customer choice which enables them to shape their future. Through deep insights they deliver compelling strategies for growth.