

# Why are my customers so **DISLOYAL?**

There's a good chance that the last customer who walked through your door is indifferent to your brand. With so much choice out there, they don't just need one good reason to come back, they need a lot of GREAT reasons.

## AUTHOR



Sarah Kellett is industry consultant – retail at Fujitsu Services. She focuses on the business issues and solutions that deliver increased sales and reduced costs for retailers. These include infrastructure management, self-service, cash management and remote management of waste recycling. With 30 years' experience in the retail industry, Sarah's career has mostly concentrated on retail Operations, working for leading department stores such as Bentsalls and Harrods.  
sarah.kellett@uk.fujitsu.com

The empowered consumer, faced with a multitude of choices about where, when and how they shop, is leading to increasingly high expectations. A competitive retail sector, facing an uncertain economic future is being challenged by consumers to compete for their custom: in this environment, only the fittest and those really listening to what their customers really want are likely to survive.

Some retail brands have risen to the challenge and are offering customers a truly joined-up multi-channel shopping experience. Results over the Christmas period support this. Other retailers are lagging far behind their customers' expectations, and are severely at risk of alienating their core customer base and most unlikely to gain new consumer groups.

### **Loyalty is no longer assumed**

A large number of retailers have become so focused on customer basket analysis, profitability and driving down operating costs that they have forgotten to listen to the real voice of the customer. Indeed in a Bain Company survey in 2005, 80% of companies believed they were delivering a superior customer experience; only 8% of their customers agreed.

### **What separates those who actually do deliver?**

We believe that retailers' focus needs to start and end with the customer and their journey through the shopping experience, be that bricks and mortar store, online or catalogue. The customer must be at the heart of the organisation, with cross-functional teams from across the business focused on delivering the right offers and experiences to the right customer. This approach compels retailers to truly understand their different customer segments and identify what it is they are expecting from their interactions with them.

### **Customer experience is not the same as customer service**

Experience is defined by feelings, expectations, recollections and beliefs. When customers interact with a retailer at any level, they have a lasting experience that affects their perception of the brand. Customer loyalty is not merely earned as a result of exceptional products or services, or based on price, it comes from the overall experience delivered by the retailer. Everywhere a customer comes into contact with a retailer is a touch point; which provides retailers with an opportunity to influence customer experience at every level. Customers expect a consistent brand experience regardless of when, where or

**Only 21% of customer experience decision-makers think that their employees understand their target customers.**

how they interact with the brand. A poor experience at any level can mean the loss of a customer for life. The challenge for retailers is to develop a seamless multi-channel experience.

**Understanding your customers**

Customers select their purchasing destination based upon their particular needs for that specific shopping occasion. Are they looking to purchase groceries, a wedding outfit or gift or design a new kitchen? On top of this, a customer's expectation from a shopping trip will differ greatly depending upon very specific needs, for example a customer visiting a supermarket for a pint of milk wants a speedy, efficient service, whereas a customer looking for menu inspiration

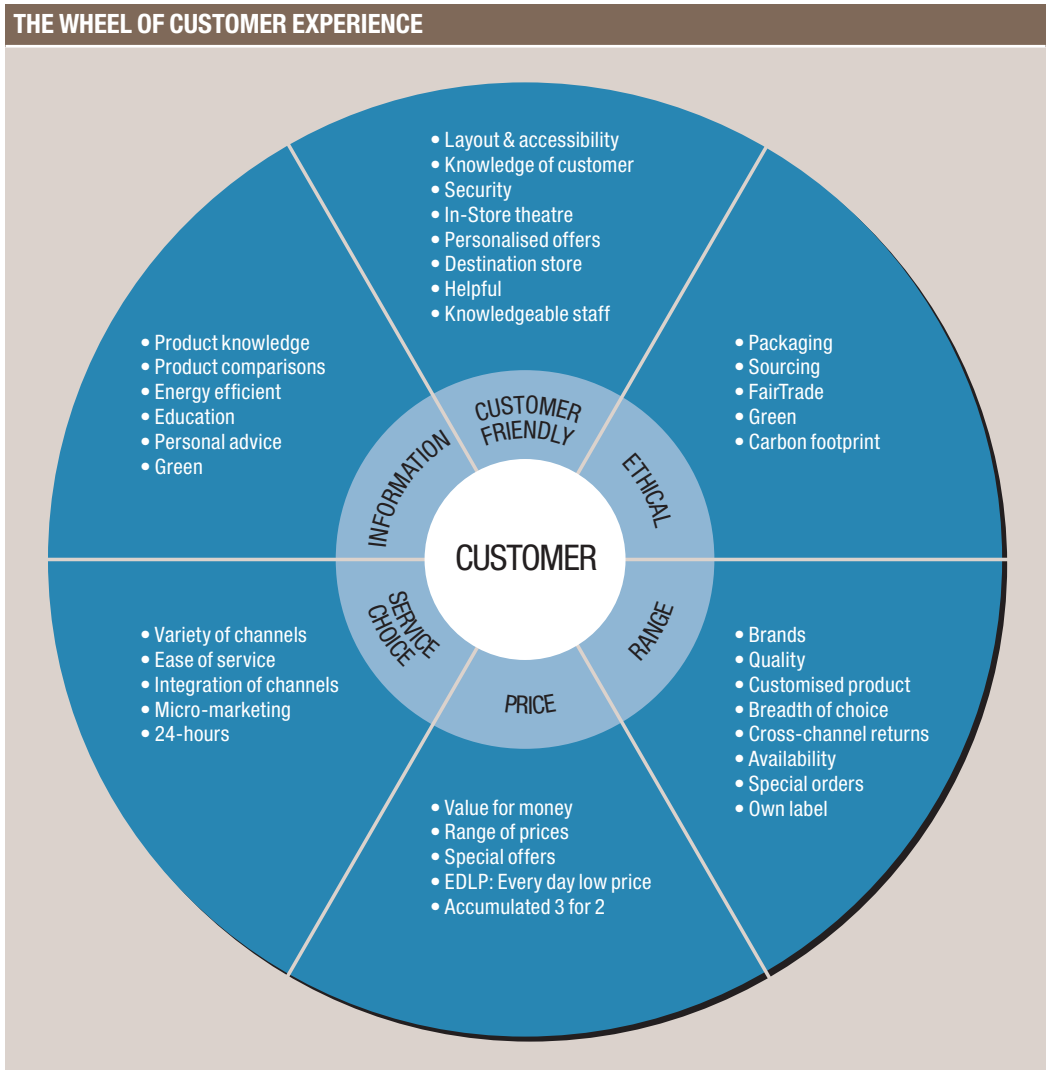
for a dinner party desires an entirely different experience.

Retailers are judged on the range, availability, quality and ease with which customers can access and use the various services they offer.

The wheel below illustrates some of the many decision criteria that customers may use, the list is ever evolving and changing; ignore these trends at your peril.

**Designing the right offers**

Many companies have been skilled at segmenting customers and developing value propositions for each. However, this segmentation is usually based on historic information and fails to take into account the consistently changing needs and expectations of each customer. Similarly



**Good customer experience could cause a revenue swing of \$184 million for a large retailer and \$242 million for a large bank.**

**80% of companies believe they are delivering a superior customer service. Only 8% of customers agree.**

new customers that enter the market are not being identified and targeted. So called 'Loyalty cards' are typically only presented at the end of a shopping trip, when the customer comes to pay, would it not be better to enable customers to identify their presence at the beginning of their journey through your brand. Such early identification would enable Retailers to provide a truly personalised service and thus gain the customers long term allegiance.

The 21st century consumer has grown up in a digital world, with ease of access to the Internet, digital TV with its dedicated shopping channels and social media. As a result, their attitudes, aptitudes and expectations differ; prolific communicators, they expect retailers to connect with them across multiple channels, immediately and effectively. The reality is that they are frequently disappointed.

The tools are available for retailers to delight this demanding young generation. The challenge for retailers is to deliver an inclusive, highly personalised customer experience across multiple platforms; the key to success lies in developing a true understanding of the customer.

Sarah would welcome your comments by email ([sarah.kellett@uk.fujitsu.com](mailto:sarah.kellett@uk.fujitsu.com)) or at [uk.fujitsu.com/opinion](http://uk.fujitsu.com/opinion)