

# Customer Centricity: Embracing the outside-in perspective



Marketing and brand management have undergone significant changes in the past decade, mainly driven by rapid advancements in technology and their impact on customers' daily lives. Widespread internet access, the evolution of e-commerce, the availability of information, and more recently, the rise of AI, have shifted the balance of power from brands to customers. This shift allows customers to set the narrative and influence brand perception and behavior.

Looking back 50 years ago, communication was mainly one-way, with brands controlling the storyline, and customers being highly influenced by advertising through traditional channels. Today, with the democratization of the internet, customers can set the narrative, access unbiased sources of information, and influence the rise or fall of a brand. Social media has further accelerated this shift in power, enabling customers to directly shape brand perception and drive conversations.

So, what does this mean, and how has it impacted the way organizations behave and bring their products or offerings to market? Simply put, it has made the concept of *the customer is king* truer than ever - not only for customer brands but also for any brand that wants to lead in its sector and remain profitable. It has opened a direct dialogue between brands and customers, allowing customers to voice their opinions on the good, the bad, and the ugly. Customers now demand that brands listen, take their feedback seriously, and act on it. This shift ensures that customer satisfaction is prioritized over profit-making.

We have seen numerous examples of this shift, such as the case of Volkswagen in 2015, when it was discovered that the company had installed software in diesel engines to mislead emissions tests. This resulted in billions of dollars in fines, a significant drop in sales, and long-term

damage to the brand's reputation. On the other hand, LEGO, which faced declining sales and financial difficulties in the early 2000s, engaged with its community, incorporating feedback into product development.<sup>1,2</sup> This led to the successful launch of lines like LEGO Star Wars and LEGO Friends, resulting in a resurgence in popularity and significant business growth for the brand. While the strength of this argument is clear for business-to-consumer (B2C) brands, the same applies for business-to-business (B2B) brands as well.

The shift in the relationship between customers and brands supports the importance of putting the customer at the center of any go-to-market strategy, making a customer-centric approach more critical than ever. Understanding the customer's needs, pain points, and decision-making drivers is necessary for any brand to succeed and differentiate itself from competitors. Deeply understanding customers and identifying key insights that encourage an emotional connection is essential for standing out and building customer loyalty. Below is a closer look at the key benefits of making customer wants and needs key drivers of strategy:



**- Building sticky relationships:**

Enabling customers to feel that a brand understands their issues and is committed to providing the appropriate solutions will help build a strong emotional connection, keeping the brand top of mind. This fosters loyalty and trust, encouraging customers to return. Research reveals that 88% of customers who trust a brand will buy again.<sup>3</sup> Sticky relationships are not easy to build; they take work, but once established, the benefits are well worth it. Trusted companies outperform their peers by up to 400% in terms of market value, according to Deloitte research.<sup>4</sup>



**- Relevant innovation:** Keeping an open dialogue and gathering feedback is a great way to gain relevant insights that can drive innovation. Innovation should address clear customer needs to make it relevant and enable adoption.



**- Increased loyalty and trust:** When customers are happy and feel understood, they are more likely to return, ensuring a more consistent revenue flow. In line with human nature, people tend to gravitate towards what they know and trust - change is not always easy or comfortable. Therefore, it's very important for companies to prioritize a positive customer experience at the core of their strategy. This approach helps build brand loyalty and affinity, encourages customers to prioritize the company's products or services, and motivates them to refer their friends or leave positive reviews. All of this will help the business retain revenue and attract new customers.<sup>5</sup>



**- Increased and accelerated growth:**

Focusing on customer needs will often lead to upselling and cross-selling opportunities. Knowing a client's challenges allows brands to think strategically about more ways to cater to those needs. This not only makes customers feel more understood but also increases their openness to considering additional services, which will lead to business growth. It's a win-win situation for all.

An example to illustrate all of the above is Patagonia.<sup>6</sup> Patagonia has been successful in building trust with customers while positioning itself as environmentally friendly. By being transparent with their customer base, sharing information about their production process, and showing that they put their money where their mouth is, Patagonia has demonstrated its commitment to sustainability. The company is honest about its sourcing; upfront honesty has paid off for them, retaining a loyal customer base and gaining trust. Their openness has also driven innovation, which has led Patagonia to look for more ways to bring sustainability to the core of their business, ultimately leading to significant business growth. Patagonia's brand promise isn't just a slogan—it shapes every element of their business. According to an article on Statista, Patagonia has achieved annual sales of over US\$1 billion for three consecutive years, starting in 2019. It is important to note that profit figures from the company are not publicly available.<sup>7</sup>

Taking the outside view and bringing it in is not an easy task. It requires time and effort to truly understand audiences and gain the right insights. This process often requires combining various data points and personal information to understand the customer journey, while still keeping market trends in focus. When applied consistently across an organization, this approach offers a competitive edge, driving sustainable revenue growth and success. For organizations to truly succeed, gathering relevant customer-centric insights must be a core element of their strategic planning. They need to be intentional about acquiring these insights and allocate the necessary funds and resources to do so. While this investment may seem significant at first, it is one that is bound to produce substantial returns in the long run. ●

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**Endnotes**

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