

INTIMATE CUSTOMER RELATIONSHIPS FOR FOOD MANUFACTURERS >>

The voice of the future

Expert Opinion by Bill Noon and Sachi Fujii-Bautista

The digital age confirms the old adage 'the customer is king'. Only now, rather than walking into a shop and expecting to be treated like a king, your customer is sitting at home in front of his or her PC or TV making shopping decisions that determine your future.

The effect of this shopper decision-making power on food manufacturing businesses in the coming years is summed up by Steve Jobs of Apple:

“You can’t just ask customers what they want and then try to give it to them. By the time you get it built, they’ll want something new.”

What are the implications of this statement for food manufacturers as they strive to create products and offers that provide much closer customer contact based on intimate customer knowledge, itself all about personal customer lifestyle choices.

That's the challenge we raise, and before moving on it seems appropriate to introduce 'I. Decide', our Avatar shopper who represents the customer voice of the future. I. Decide will be appearing throughout this series to put challenges and solutions into real future context. Whilst decision-making power of this order may not yet be happening on a massive scale, we believe it is on the way in the coming years – and now is the time for food manufacturers to consider how to respond.

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THE POWER OF ME – I. DECIDE

“I was born in 1970, so strictly speaking I do not belong to the so-called Generation Y. Nevertheless, I’m technically astute and I would call myself a child of the digital age. I can’t even think of living without my computer or 24 hour access to the internet. When it comes to shopping, I’m not really loyal to specific food or retailers, but I am loyal to what I want and what I choose. I find it exciting and intriguing that businesses collect information about me as I surf the Web and then make recommendations about what I might want to buy. I think I’m actually a member of a brand new generation that judges a retailer on how accurately they can match my tastes.”

Shopping by surfing the web and being happy for retailers to collect information about you raises two important considerations:

CUSTOMER INTIMACY –

Through the maturity of customer information

Success in the future will be based on new norms that are emerging now, such as:

- » Predictive customer choice – being able to accurately predict what individual customers and groups of customers with similar demographic and lifestyle profiles actually want – will be at the heart of manufacturer/customer relationships
- » Quick processing of customer experience (feedback) through monitoring and responding to blogs, social networking sites etc., where users define who they are by which sites they belong to, and take advice on purchasing goods from other, like-minded members
- » The customer as the ‘front-end’ of your operation. Imagine your customers having some kind of unique device posting thoughts, experiences and feelings direct to you or your website.

COLLABORATIVE OPERATING MODELS –

How they need to change

The examples of emerging norms outlined above means that current operating models will need to evolve into future mode where they are vehicles that deliver customer collaboration, rather than present mode where they are mainly designed to focus on internally decided objectives. Examples of this evolution include:

- » Food manufacturers selling their own branded products direct to customers through online channels or their ‘own farm’ shops
- » Encouraging different models where standardisation may equal simplification but may not equal increased value



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SAY HELLO TO THE PROSUMER!

“Shopping aisles and check-out tills seem to me to belong to another, bygone age. They are so last century. And the time they take! I just don’t have it. Wapitover to me is what I say. And while you’re about it, send me all the fun stuff that goes with my purchase. I like knowing my food ingredients have been ethically sourced, and I like knowing about nutrition, diet and calorie content. And I like great recipe suggestions and tips about what wine to serve with a meal.”

“But most of all I love being the invisible hand that shapes the products I want –
How cool is that?”

The digital age offers opportunities to engage with customers in ways and to a degree that has never before been possible. As the internet and the world wide web continue to evolve – with phenomena like cloud computing, virtualisation and self-defining online communities – they are moving beyond communication as the primary driver and turning into vehicles for creative collaboration. In other words, rather than people merely talking, emailing and texting one another, they are creating communities that determine which products succeed or fail. So getting them involved in your business as ‘invisible hands’ is crucial:

RICH CUSTOMER EXPERIENCE –

Through customer collaboration in product design

- » The Prosumer is someone whose choices and opinions contribute towards the design of new products and services. It’s like starting the marketing process at the beginning of the product life cycle, rather than figuring out how to market a product once it’s available – all using direct consumer knowledge.
- » Harnessing employee choices, opinions and talents through the same medium as the consumer is another input to the design process. One supermarket chain in the UK is treating its employees as consumers in their own right. They make choices, they have secret, untapped opinions, and nothing could be more powerful as a marketing tool than asking them to contribute towards ‘their own’ products.
- » Quick and easy personalised design may also be on the way, whereby customers can order personalised products and packaging direct or through intermediaries.

ETHICAL CONSUMERISM –

Through voluntary adoption of sustainable manufacturing, delivery and disposal practices

Personal ethics (yours and your customer’s) to online communities partially defined by common ethical codes, to the big picture of climate change and what to do about it are all opportunities for food manufacturers to engage with customers by:

- » Providing personalised health information based on what they know about their customers’ lifestyle
- » Adopting responsible working practices with regard to reducing food miles, reducing your carbon footprint, safeguarding water supplies and ethical sourcing. It may well be that your customers don’t simply want to know you are doing these things, more that they will start penalising businesses that aren’t. Consider the fact that your customers increasingly talk and share information amongst themselves.



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FROM 'THE POWER OF ME' TO 'KNOWLEDGE IS POWER'

"The firms I really like are the ones who remember what my favourites are and 'post' me some of their new products or at least contact me about interesting new stuff. I constantly update my preferences and it's amazing how the best manufacturers seem to read my mind. I really like interactive hubs that let me browse according to my mood. Sure, price is important, but not as important as the total cost of all the food I eat."

*"That's what I keep an eye on, some of the hubs let me see what I spend each month, like a running account – **Helpful because I haven't got the time.**"*

Our theme in this document is the maturity of customer information as the basis of intimate customer relationships. And as all healthy relationships are based on mutual power, the more knowledge you have about your customers the better foundation for giving them what they want and thereby continuously strengthening the bond.

Our model for doing so is a five-stage information maturity model. As a company moves up through the stages they gain an incrementally closer relationship with their customers until, finally the organisation itself, and all its suppliers and partners are working in harmony towards that end.



THE POWER OF ME – I. DECIDE – HAS BEEN ACCEPTED AND TURNED INTO A SYMBIOTIC OPERATING MODEL THAT ACTIVELY LEARNS ABOUT CUSTOMERS AND HAS THE CAPABILITY TO DESIGN, PRODUCE AND DELIVER PRODUCTS THAT MEET THE EXPECTATIONS OF DIGITAL AGE DEMANDS

MATURITY – LEVEL 1

Your company has multiple systems to record and manage customer related information. Whether you can call it 'customer intelligence' depends on how the systems are recording and managing information and how it is used as the basis for customer-related decision making. At this level there is little consistency when it comes to really understanding customers. Staff have different levels of access to customer information and there are different approaches to training, both of which contribute towards service inconsistency.

This maturity level services existing customers (predominantly resellers in a market) and does little or no analysis of market and customer trends. Multiple systems have to be navigated for the manufacturing and despatch of products. There is no attempt to track shifts in buying patterns from selling to trade to selling direct to consumers.

MATURITY – LEVEL 2

Your company has a common ERP platform and takes orders both from resellers and directly from customers. This normally takes place via your website, but it may also be through third-party web intermediaries. There is only limited data analysis. Typically, a call-centre agent takes an order, responds to it and logs it, after which the order is processed along your supply chain and despatched to the customer. Limited data analysis means there is no opportunity to include cross-selling offers with the despatched product. Customers find your products on the web through traditional search methods.

MATURITY – LEVEL 3

Your company understands and can identify patterns in customer behaviour. It has defined what it wants to track, has bought the software, but has not yet successfully implemented the KPIs and dashboards. You are aware of the ordering process and track order patterns across territories and product lines. But you have yet to achieve a single view of the customer across call centres, internet and retail outlets, etc. Nevertheless, this level of maturity does allow you to proactively offer products based on past ordering patterns.

MATURITY – LEVEL 4

Your company has achieved 'one version of the truth'. All customer-related information and activities are linked to understanding your customers. Any interactions with customers, across all sales channels, will be recorded and satisfaction levels monitored. You can analyse profitable customers and understand retention costs and this information is used to create targeted marketing campaigns.

But at this stage, even most of the profitable customers may not feel they are treated differently. Once you start using analysed information more proactively, then customers start feeling their needs are looked after. In order to reach this level, your organisation needs to proactively fulfil customers' promises. For example, even when an ordered product is out of stock, you should be able to re-allocate the product or at least inform the customer of when their order will be delivered.

MATURITY – LEVEL 5

At this stage you are working with customers in full partnership. In practice this means customers (and employees) may well be contributing towards new product concepts and designs. And customers receive personalised products and services, because you have the analysed information to do so.

Every instance of customer interaction is captured by your organisation, your suppliers, sub-contractors and business partners. It is all aggregated for analysis and it all contributes towards an intimate customer relationship.



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THE KEY FACTOR IN CHANGING OPERATING MODELS TO CREATE AND MAINTAIN GREATER CUSTOMER INTIMACY IS TO HAVE THE LAST INTERACTION WITH YOUR CUSTOMER REMEMBERED AS AN EXPERIENCE THEY WANT TO REPEAT »»

HOW TO START GETTING INTIMATE

Here is a list of eight check points and questions you can use to quickly gauge the readiness of your organisation for becoming customer intimate. If your reaction to more than three is 'no' or 'not sure we can do that', then it's time to start taking steps towards greater customer intimacy:

1. Your direct-to-consumer operating model (B2C) is already as important to you as the direct to trade operating model (B2B)
2. Do you know the top ten most profitable and non-profitable customers?
3. Can you differentiate products and services depending on customer profile?
4. Are you engaging customers regularly in various forms of interactions?
5. Do you reward customers purchasing behaviour with something other than discounts?
6. Can you capitalise on one-to-one marketing opportunities?
7. Customer master data can give you a single view of each and every customer, across all sales channels, and can be accessed by any part of your organisation
8. Customer data held in your ERP, along with web data, are used together to establish a proper profile of customers.

THANKS FOR THE MEMORY

The key factor in changing operating models to create and maintain greater customer intimacy is to have the last interaction with your customer remembered as an experience they want to repeat. When you have the customer information to prompt and deliver repeatedly delightful experiences, you have the capability to turn the Power of Me into a mutually profitable relationship.

NEXT STEPS

If you wish to discuss this paper or to obtain further information on any of the topics discussed, please call 020 7830 4444 or visit www.atosorigin.co.uk

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Atos Origin is an international information technology services company. Its business is turning client vision into results through the application of Consulting, Systems Integration and Managed Operations. The Company's annual revenue is EUR 5.5 billion and it employs 50,000 professionals in 40 countries. Atos Origin is the Worldwide Information Technology Partner for the Olympic Games and has a client base of international blue-chip companies across all sectors. Atos Origin is quoted on the Paris Eurolist Market and trades as Atos Origin, Atos Worldline and Atos Consulting.

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