

The Ridiculously High Cost of Not Listening to Your Customers.



An interview with MarketPower Group Founder Chuck Wall on the critical reasons every company must develop a customer first brand.

To start off, you often talk about three eras of marketing. What are they?

Chuck: First there was the *production era*, when we witnessed that a good product would sell itself. Just imagine what those early days of refrigerators and air conditioners must have been like. But then with greater competition we moved into a *sales era*, driven by creative advertising designed to overcome customer resistance and to convince people to buy the next big thing. For example, look at the cola wars. Today, we have moved into the *social era*, when customers rely more upon the recommendations of their friends than on messages from the brands themselves. So, now every business, big and small, must understand their customers better if they want to thrive.

You have a simple philosophy about companies and customers.

Chuck: Yes, I call it *Stop, Look and Listen*, just like our mothers taught us before we crossed a busy street. This means you must first **stop** looking at things from the company's point of view and begin to **look** at everything from your customers point of view. Finally, you must deeply **listen** to both what they say and what they really mean. They aren't always the same.

But doesn't every company listen to their customers?

Chuck: They claim to but there's never been a bigger disconnect. In a recent Bain and Company study, 80% of companies said they deliver a great customer experience. But, only 8% of their customers agreed. That's not a gap, that's the Grand Canyon. Jack Welch, of General Electric fame, said there are only two sources of competitive advantage; the ability to learn more about customers faster than the competition and the ability to turn what we learned into action faster than our competitors. So listening matters.

What do you mean when you say there's a ridiculously high cost to not listening to customers?

Chuck: Here are three examples. Netflix decided to raise prices 60% and split into two divisions with no research. In three months, they lost over 800,000 customers and dropped \$11 billion in market value. At JC Penney, the CEO changed everything based on his experience with Apple and Target. The customers rebelled and they had record losses. He was gone in less than eighteen months. Or how about Kodak? Once upon a time they had a market share for film of over 90%. But, leadership quit paying attention to customer needs because they became complacent. They became so over-confident they refused to change even when their customers did. The irony is that they invented the very same digital photography that did them in.

Who are some companies that get it right?

Chuck: Amazon has customized the entire experience based on what each customer wants. They use real-time feedback to optimize their offering. Hyundai has become a major seller of cars in America by immersing themselves in the personal lives of their customers. Or how about a regional hamburger chain called In-N-Out Burger who has built a cult following into the number-two burger restaurant in same store sales, only behind McDonalds by just staying simple?

Does this apply to business-to-business firms, too?

Chuck: Absolutely. If you have customers, you need to start a proactive insight program. It will put you light years ahead of your competitors. For example, at MarketPower, we've helped industrial machinery dealers, bio-medical device manufacturers and business technology developers, just to name a few.

How do you describe MarketPower?

Chuck: We help clients unlock double-digit growth in a low growth marketplace. We focus on customer insight, behavior and engagement in order to improve brand, marketing and overall business performance. We've been doing this work since 1998 so we've seen how today's market dynamics have developed.

Do clients usually understand this?

Chuck: No, most come in with tactical issues like sales being down, advertising not working like it once did or lack of fresh innovation. But, time and again, we can trace the problem back to a brand problem. It's the secret sauce to win.

Where do you start?

Chuck: We start with a half day assessment called *FirstLook*. We spend time carefully listening, not diagnosing. No cookie cutter stuff, based on what we hear, we map out a blueprint for concrete action.

Editor: So how can MarketPower make a difference for a client?

Chuck: We work with great companies of every size and type to win and keep more profitable customers. In the end if we've helped sell more of their stuff, we've succeeded in a big, big way.



MARKETPOWER GROUP
BUSINESS ADVISORS

MarketPower Group LLC
210.960.7100
marketpowergroup.com

© 2015, All rights reserved.