Definition: Customer Centricity

For the purposes of this research, Aberdeen defines “customer centricity” as a formal organizational program aligning all stakeholders of an organization (e.g. employees, partners, and clients) to ensure the delivery of optimal customer experiences. Companies use numerous tactics and tools in their pursuit of customer centricity, including content, analytics, and operational workflows.

Knowledge is power in the age of the customer. How companies use and manage content determines whether or not they can truly meet the needs of their customers.

Content — everyone uses it. Employees use it in the form of account information and product / service insights. Partners (e.g. distributors) use it to ensure brand and price consistency. Customers use it to help themselves through self-service portals on a company website or mobile application.

Companies have an abundance of content. However, most fall behind the Best-in-Class when it comes to allowing all stakeholders to access and use the content they need. The Best-in-Class truly distinguish themselves through customer centricity (see sidebar). By doing so, they achieve the performance results outlined in the sidebar on the next page.

Findings from Aberdeen’s study, CEM Executive’s Agenda 2016: Aligning the Business Around the Customer (May 2016), put the aforementioned observations into context. Data from this study revealed that, on average, employees must use three different applications (e.g., CRM, knowledge management, ERP and back-office systems) during a typical customer interaction. Companies...
In Aberdeen’s May 2016 study, *CEM Executive’s Agenda 2016: Aligning the Business Around the Customer*, we used five performance metrics to separate participants into two cohorts:

- **Best-in-Class**: Top 20% of respondents based on performance
- **All Others**: Bottom 80% of respondents

The performance metrics used as part of this analysis, and the respective results for both cohorts in each category, are as follows:

- **Customer retention rate**:
  - Best-in-Class: 86%
  - All Others: 57%

- **Year-over-year change in customer satisfaction rate**:
  - Best-in-Class: 37.4%
  - All Others: -0.8%

- **Year-over-year change in annual company revenue**:
  - Best-in-Class: 35.4%
  - All Others: 7.7%

- **Year-over-year improvement in response time to customer requests**:
  - Best-in-Class: 32.0%
  - All Others: 3.6%

- **Year-over-year change in average customer profit margin**:
  - Best-in-Class: 18.2%
  - All Others: 2.9%

Participating in the same study also indicated that, on average, employees spend 11% of their time navigating these applications. This means that, if a business has 200 employees — with an average fully loaded annual cost of $50,000 per employee — it will incur **$1.1 million each year in unnecessary labor costs** ($50,000 times 200 times 11%) due to inefficiencies in content access and management.

The unnecessary costs associated with employee productivity are only a fraction of the total cost companies incur due to poor content practices and processes. Customers become frustrated when they can’t find the content they need through self-service portals. Companies thus risk losing clients and revenue. When working with distribution partners, poor content practices and processes bring the risk of brand inconsistency or worse.

So, let’s take a look at what the Best-in-Class firms do differently in this area and maximize the business impact of content.

**The Key Pillars of Customer Centricity**

Research shows that Best-in-Class firms use at least four key tactics to support customer centricity (Figure 1).

**Figure 1: Best-in-Class Firms Connect Productivity and Customer-Centricity**

![Chart showing the key pillars of customer centricity](chart.png)

**Percent of respondents, n=254**

- Employees have access to a unified view of the customer journey: 65% Best-in-Class, 50% All Others
- Employees are provided with access to customer data through mobile devices: 56% Best-in-Class, 45% All Others
- Inform employees about customer preferences and needs: 44% Best-in-Class, 34% All Others
- Regular meetings between IT and LoB to streamline customer data flows: 26% Best-in-Class, 21% All Others

Source: Aberdeen Group, July 2016
Customer centricity begins with knowing your buyers. Figure 1 shows that Best-in-Class firms develop an understanding of their current and potential customers by establishing a unified view of the customer journey — a tactic they are 30% more likely to employ than All Others (65% vs. 50%). They accomplish this by determining all relevant customer touchpoints, identifying the systems and processes used to capture interaction data, and seamlessly integrating them. Aberdeen’s study, *Customer Intelligence: Using Data to Drive Loyalty & Advocacy* (July 2016), explores how top-performing organizations enable their employees with a unified view of the customer journey.

It’s important to note that building a unified view of the customer journey is just the beginning. Once companies ensure that their content, in this case account information, provides a detailed and timely view of buyer interactions, they must then provide employees, partners, and even customers access to these insights. By doing so, they help employees (and business partners) deliver omni-channel (see sidebar) customer conversations. They also make it possible for customers to view content, such as product or service usage data, on a self-service basis. Content collaboration (see sidebar) tools provide Best-in-Class firms with these capabilities.

It’s worth noting that Figure 1 also demonstrates that top performing businesses view mobility as a key enabler of customer-centricity. It facilitates this by giving employees, partners — and even buyers — access to relevant content through mobile devices, such as smart phones, tablets, and even smart watches. Thanks to this capability, a sales representative in the field, for example, can access a proposal before visiting a client. Similarly, a field technician empowered can use a smart phone to access account data to determine they need to bring to the client site. Data shows that Best-in-Class firms are 24% more likely to have this capability in place.

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**Definitions:**

For the purposes of this research, Aberdeen uses the following definitions:

**Omni-channel:** A formal strategy to deliver personalized and consistent customer experiences across multiple channels (e.g., phone, social media, web, mobile, and email) and devices (in-store, laptop, and smart phone).

**Content collaboration:** A technology enabler allowing stakeholders of a business to access and adjust content without version control issues. This enabler also supports the efficient sharing of content.
The two capabilities outlined so far, in conjunction with content collaboration, are vital for boosting business productivity in a way that produces happy customers. However, it’s not just visibility into content that makes the Best-in-Class firms unique. Top performers also use technologies, such as real-time analytics, to analyze content in real-time. They then provide “next best action” guidance to employees, partners, and customers based on this analysis.

To illustrate this point, let's assume that a customer is visiting the website of an insurance firm to check coverage information during policy renewal. Use of existing account data along with analysis of how other policy buyers bundle products would help the insurance firm determine a tailored offer meeting the coverage needs of the client. This data would then drive the dynamic display of relevant content. In turn, this helps personalize the web experience and thus increase the likelihood of new business.

One of the most important, yet overlooked, tactic of Best-in-Class firms involves collaboration between line-of-business and IT. Making it possible for all stakeholders to access the right content in an easy fashion requires building the right technical infrastructure and related processes. This is where IT comes into the picture. Data shows that the Best-in-Class firms are 24% more likely than All Others to have a consistent process where IT and line-of-business executives meet regularly to optimize use of content (26% vs. 21%).

Despite higher adoption rates of the aforementioned capability, given that only 26% currently have it in place, this is an area of improvement even for the Best-in-Class. Establishing and maintaining regular meetings between IT and line-of-business leaders ultimately helps organizations identify inefficiencies in how relevant stakeholders access and use content. It also helps to use analytics to determine the impact of content on business...
outcomes. For example, working with the IT team, a contact center executive can track how certain knowledgebase articles help contact center agents reduce average handle times and improve agent productivity.

Yet another benefit of building a collaborative relationship between IT and the line-of-business is being able to make best use of cloud technology. This helps organizations scale their activities up when customer demand increases — and down when it decreases. As such, it supports customer centricity programs by helping organizations become more responsive to the evolving needs of buyers. Working with IT helps line-of-business executives minimize the time and effort in ensuring that cloud technology helps all stakeholders make better use of knowledge.

Key Takeaways

In the era of the empowered customer, businesses survive and thrive based on their ability to meet customer needs and exceed expectations while driving efficiency. The path to accomplish this goal is through content. Companies that excel in providing all stakeholders with relevant and timely content reap the rewards of their efforts in the form of repeat customers and improved top-line and bottom-line results. If you are struggling to become truly customer-centric, we highly recommend implementing the four building blocks Best-in-Class firms have in place to drive their success. This will help align your performance with that of the top performers and facilitate sustainable business growth.
About Aberdeen Group

Since 1988, Aberdeen Group has published research that helps businesses worldwide improve their performance. Our analysts derive fact-based, vendor-agnostic insights from a proprietary analytical framework, which identifies Best-in-Class organizations from primary research conducted with industry practitioners. The resulting research content is used by hundreds of thousands of business professionals to drive smarter decision-making and improve business strategy. Aberdeen Group is headquartered in Boston, MA.

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