



WHAT IS YOUR CUSTOMER IQ?

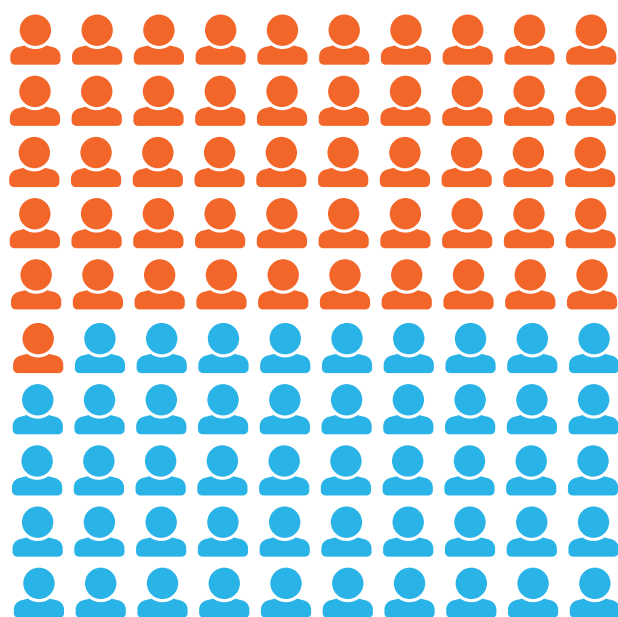
UNDERSTANDING AND INCREASING CUSTOMER EQUITY



WHY CUSTOMER EQUITY IS MORE IMPORTANT THAN BRAND EQUITY

You forgot to buy a present for your best friend's birthday party this week. You quickly take out your laptop or mobile phone and order a fuzzy pink pillow on Amazon. It arrives on your doorstep a day later complete with a picture of the delivery outside your door while you are at work, problem solved. Amazon is easy. People enjoy using Amazon and continuously have positive experiences - they have built a great brand, but in the process have built a tremendous amount of customer equity as well.

There is no doubt that having a strong brand is what it takes for people to try your product and service, but after they decide to buy it's not the brand that garners the true value of the company but it's customers and how strong the connection is between them. The moment a consumer decides to buy, brand equity becomes irrelevant and the customer experience is everything.



After one negative experience, **51%** of customers **will never do business with that company again.**

newvoicemedia.com

So what does customer equity look like and how do companies build lasting equity? Customers are fickle and they want what they want, when they want it. Unfortunately, there is no other way to build long term customer equity except to deliver on the experience over and over and without fail. Sometimes delivering the experience isn't even enough as it might become stale, or the product or service might not evolve with your customers and they will move on when presented with another alternative. Customer equity is essentially the amount of times a company can miss the mark and by how far they can miss before a customer leaves you.

Let's take the fuzzy pink pillow that we bought for our friend's party. The Amazon brand is what got me to make my first purchase, but from then on it's about my experience and if that is not up to my expectations no amount of brand equity will save the company. Without getting into the particulars on the Amazon experience, it's safe to say that they are leading the market with a variety of things that support a great experience, which in turn creates a lot of customer equity and drives the real value of the business.



72% of businesses says that improving **customer experience** is their top priority.

Forrester

But what if my fuzzy pink pillow showed up blue, or was two days late, or never showed up at all due to it being out of stock and I wasn't notified in a timely manner to get something else? Even a brand as strong as Amazon with incredibly strong customer equity only gets so many misses. If there was one issue you'd probably give them a pass given the great experience they have delivered on to date. But how many misses before you start to look elsewhere? One, two, three, probably not ten. Which is the other point of customer equity, that it is hard to get, even harder to keep and erodes at lightning speed all while being the underlying indicator of how valuable a company really is.

Feeling unappreciated is the **#1** reason customers switch from products and services.

newvoicemedia.com

So what can you do to focus on customer equity? Companies that are driving customer equity are using data to understand who their customers are, what they want and how to give it them. They are putting the customer at the center of their business and building real company-wide intelligence around their customers, building their *Customer IQ*.

CUSTOMER IQ



The good news is that today, more than ever, customers are sending us signals through their data, locations, interactions and in many more ways that we can tap into, responsibly, while maintaining a promise to consumers around their data privacy. All we have to do is ask them and then listen. Customers are willing to give permission to companies they like and when they perceive they are getting something in return for this data exchange. Don't read this as always a better price, in most cases that is not the best thing to provide, it is much better to use the data to provide a better experience.

While there is a lot of talk about the customer experience, along with customer journey, engagement, personalization, and [insert your favorite buzz word here] there doesn't seem to be a lot of talk about how to rally a company around this in an easy way for everyone to understand. If customer equity is what really creates long term value and profitability then the better we know our customers the better a company will be in providing an amazing experience.

"The bitterness of poor quality remains long after the sweetness of low price is forgotten"

– Benjamin Franklin

There are two sides of the coin here, first is understand the customer and the second is executing on what we know to deliver on the experience. There are plenty of things to measure the execution side, like sales, profitability, store data, visits, frequency, etc. etc. Because it is easy to measure the execution, that is what most companies use to claim victory. However, these are all backward looking metrics and do nothing to indicate how well we know if what we are delivering as the experience is what the customer wants. This is where our knowledge of our customer is vital, our collective customer IQ across our company.

CUSTOMER IQ

A company's customer IQ is truly the indicator of whether the company knows what to deliver and to whom across their customer base, which is the true indicator of trending future value, whether up or down. Once we know who our customers are and what they want, execution becomes easier as we remove the blindfold that we have on while executing without this understanding. Customer IQ can also be an easy way to rally everyone in the organization around what and how to drive value for our customers while seeing if the company is improving or slipping in this regard. The sooner everyone knows we might be slipping the sooner we can get back to learn more and right the ship on delivering on the experience that our customers are expecting, even as things change or our customers expectations change.



NAME: Laura Wilson
CUSTOMER SINCE: 11/16/2017
CUSTOMER SCORE: 78





HOW DO YOU STACK UP?

If you were to rate your company on how well you use data to understand your customers, how would you rate it? How would members of your team? Does everyone in the company have an understanding of your customers and what is that based on, data, gut feel? What would be your Customer IQ and how much customer equity are you creating?

Want to find out your Customer IQ?
Email us at sales@clutch.com