All customers are important: fact or fiction?

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How do you find your most profitable people?

As a broad statement, yes, customers are important—for without customers you would have no business. Every company needs to ask themselves—Is every customer equally important to the business, that is, what is their impact to the bottom line?

The truth is that some customers are more important than others, and some customers may be bad for your business. Research shows that 65% of a company's business comes from repeat customers and 80% of revenue is generated by 20% of customers. And, of those customers, your top 10% are spending about three times more than your average customer. This means that for every high-impact customer (HIC) lost, your business is losing the financial equivalent of three customers. These HICs must be retained because they have the greatest impact to your bottom line.

If you haven't done so yet, identify and segment your customers based on the bottom-line value they bring to the business and/or their strategic value. Once you know the value of your customer base, map their journeys. Are they different? They should be. Your CX program must be designed to deliver to your customer value hierarchy.

A one size fits all approach to customer experience does not work—high value customers demand and warrant a different experience from the mass customer.

They require a consistent experience that maximizes their value and develops long-lasting, mutually beneficial relationships.

Experiences need to be designed with 6 factors in mind:

How do you know you're giving them what they need?
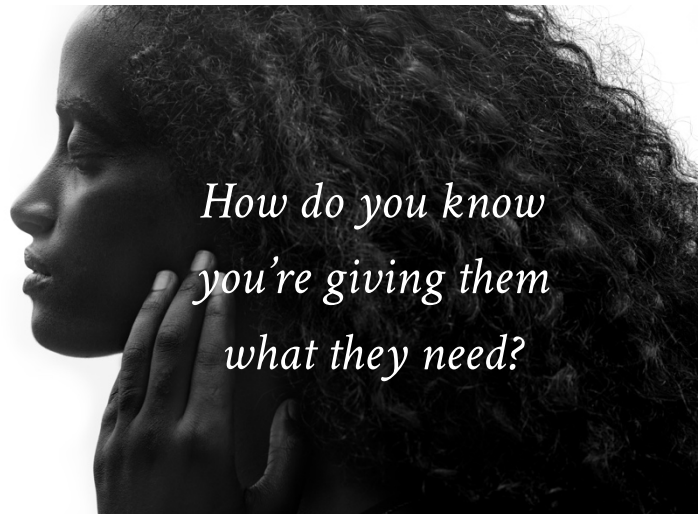
Customer Value

When determining you customers' value to your business you need to go beyond simply calculating the profit contribution for each customer. Some high impact customers are valuable to organizations in ways other than their direct profit – when determining your customers' value, do the math but also ask to see the social impact these customers provide. Bruce D. Weinberg and Paul Burger describe this social impact as Connected Customer Lifetime Value – it adds the present value of the net contribution made by other customers due to the influence of that customer.

Cost-to-Serve

Most organizations don't know the true cost to service their customers. In fact, few can validate that their price aligns correctly to their service levels. Using a cost-to-serve analysis to value and segment customers by profitability to create distinct experiences for high value customers can drive growth and substantially improve organizations' bottom lines.

Consistently Deliver on Functional Experience

Organizations spend tremendous resources simply because they cannot deliver to the basic functional customer experiences. These functional experiences (i.e., accurate billing, on-time delivery, clear concise and timely communication, etc.) when not delivered are loyalty eroders – no one will pay more for receiving an invoice that is correct, but they will leave and provide poor reviews if they have to spend their time to correct billing errors.

Deliver Differentiated Experience Where It Matters Most

Every customer wants to receive wow experiences, especially on the moments that matter most to them. Ensure you understand the moments that matter, why they matter and what the service expectations are for each of your customer value segments.

Organization Education

Create a learning program that educates all employees, not just those that interact with customers. Implementing any CX program successfully depends on the entire organization understanding the why, how, and what.

Ensure the Experiences Are Measurable

Simply put, you can't manage customer experience if you don't know how you are performing.

Consistent positive experiences matter. According to Bain & Company, companies that excel at customer experience grow their revenues 4% – 8% above their market competitors. Creating experiences that align to your customer's value matters even more. Elevate your CX program and move beyond a one size fits all experience. No organization can afford to lose its high impact customers.

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Ed has achieved a very successful career by building relationships and providing innovative solutions to meet clients' needs. With over thirty years as a global researcher, management consultant, and business leader, Ed brings his experience, expertise, and passion to every consulting assignment.

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ImprintCX is a modern marketing and customer experience services company that seamlessly combines insights, consulting and activation into one integrated offering. The company is powered by sophisticated analytics, deep human understanding and design thinking to help organizations develop and deploy retention and lifetime value strategies for their high impact customers. Collectively, the ImprintCX team has developed and lead hundreds of customer experience transformations for Fortune 500 companies such as Mercedes Benz, Honeywell, Pizza Hut and Walmart.com.