



Not All Customers Are Equal

I have been quick to quote Peter Drucker's thinking that "***we are not in business to create a profit but instead to create a customer.***" My follow-up line typically is that the "only way to achieve profits is through customers."

Recently, I have reconsidered the logic of my position. With your permission, I would like to revise my thesis as follows..."***We are in business to create customers WHO avail us profits.***"

I think this nuance adjustment is important and at the risk of sounding heretical - ***not all customers are equal.*** As brands evolve in their sophistication with understanding their customers they begin to look at customer groups through a more discerning lens that includes metrics like:

Top Decile - Special attention is given to assuring that the top 10 percent of customers are delighted and do not churn.

Lifetime Value - Exploration of what it takes to maximize a long-term relationship with core customer groups.

Cost of Service Delivery - Determinations of where serving certain customer groups may not be cost-efficient.

So how do these metrics help?

Assume for a moment that you have data to show that the customer segment generating the bottom 10th of spend with your brand actually costs you more to serve than you receive from

them. Also assume that those customers, by their nature, are not loyal and churn to other brands. ***Would it not be better to stop spending money on attracting and serving that customer segment? Instead, you could use those resources to strengthen your relationship with your top decile customers, thus enhancing their lifetime value.***

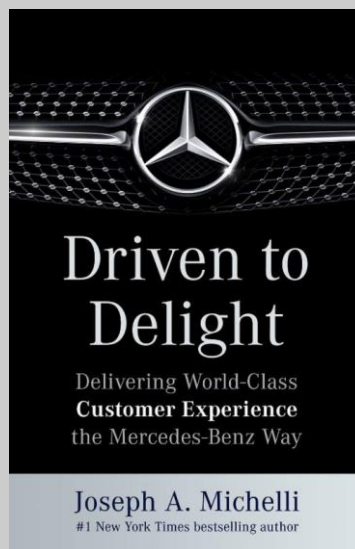
How much do you know about your customer segments? More importantly, how are your decisions about customer experience being directed by your customer knowledge?

**** Join the conversation on Twitter [@josephmichelli](https://twitter.com/josephmichelli) by using [#Segments](https://twitter.com/hashtag/Segments) to share your opinion. ****

We Are Proud to Announce Our Newest Book:

**Driven to Delight
Delivering World Class Customer Experience the Mercedes-Benz Way**

Written by Joseph Michelli



The publication date is December 8th, but be on the lookout for a special pre-release purchase announcement coming soon!

Driven to Delight offers an exclusive, behind-the-scenes look at CEO Steve Cannon and his leadership team's ambitious, multi-pronged strategy to elevate the company's customer experience to best-in-class across all brands and industries. This is an in-depth, all-access look at senior leadership's vision, strategy, and tactical steps to create and sustain the wide-sweeping actions needed to deliver a customer experience that lives up to the company's brand promise, "the best or nothing."

If you have any Mercedes-Benz experiences you'd like to share, please email details to us and we will post your stories on the book website coming soon - www.driventodelight.com.

From the Blog:

Listening to the Unstated Need

Customer service is about transactions that fulfill a stated consumer need! Customer experience delivery, however, is more than fulfilling a transactional need. Loyalty-building experiences often involve caring for a customer by doing something unexpected.

I can think of no better example of the distinction between service and experience excellence than an example from Capital One. Kalen Raynor called Capital One for service and began talking to Jocelyn a Capital One business banker. The customer, Kalen, needed a replacement debit card. [Read More](#)



The Michelli Experience
lynn@josephmichelli.com
<http://www.josephmichelli.com>



Copyright © 2015. All Rights Reserved.