



## **Ito1 Magazine**

**Date: 11/06/2008**

**Issue: November-December 2008**

Organizations on every continent face business challenges as diverse as the regions they call home, but they all have one thing in common: a reliance on customers for survival. Those customers are demanding a better experience and expect the companies they do business with to understand their needs. Savvy companies around the world are finding ways to profitably deliver on customers' expectations.

In the United States, for example, social media is allowing companies to interact with customers in ways never before possible—delivering insight that is helping to build more profitable relationships. Businesses in Australia and Latin America are focused on successfully implementing customer strategies that meet both customers' needs and corporate goals. And as technology and infrastructure in developing nations improve commercial opportunities, companies in those areas are increasingly adopting customer strategies that are common today in North America and Europe. From Chile to Nigeria to Qatar to superpowers like India and China, customer relationships are driving growth as emerging economies bring millions from poverty into the mainstream.

Meeting customers' expectations in today's global marketplace requires understanding cultural diversity, adapting to local customs and expectations, and delivering a consistent experience. Here's how companies around the world are facing up to those challenges.

### **Latin America: Offering a Local Flavor**

Latin Americans represent a diverse array of countries, but their economic situations are somewhat similar. Following decades of inflation and economic decline, many Latin American countries are now experiencing record growth and their lower-middle and middle classes are expanding, creating an untapped market of new customers rivaled only by China and India. As businesses grow within and enter these countries, Latin American consumers' expectations are growing too.

"Latinos are, for the most part, intolerant of mediocre customer service," says Thomas Becker, Ph.D., author of *Doing Business in the New Latin America*. "They tend to be price conscious, fashion conscious, and very attuned to trends and tastes in the United States."

Becker, who has lived in six Latin American countries, says that retailers especially need to understand how these customers shopped in the past to gain insight into what they need now. "Open-air markets and mom-and-pop stores controlled the retail markets, but they're giving way to small convenience stores," he says. "These convenience stores are learning that customers expect them to know the neighborhood if they want to do business there."

The mom-and-pop stores that are being replaced typically gave customers credit without collateral, and provided a very high level of service, Becker says. Newer, larger stores that don't have those options available are compensating by offering product mixes that reflect local preferences and passing along discounts to frequent shoppers through loyalty programs.

Stores that until recently didn't even use price scanners are now offering online ordering and connecting with customers via mobile phones as well. "More than two thirds of Latin Americans have mobile phones because the landline networks are so poor," Becker says. "Even in impoverished areas, you'll find that one resident owns a phone and it's rented out to others on a per-minute charge."

As for traditional CRM techniques, Latin American businesses are quickly implementing strategies to gauge customer satisfaction and other metrics. "I see employees doing surveys within stores, mystery shoppers, and a number of stores using loyalty cards," Becker says. "Especially among large retailers there's a sense that it costs less to retain a customer than bring in a new one. The adage about a dissatisfied customer telling 10 relatives or friends about a bad experience is especially true in this culture because Latinos are very social."

### **Asia: Creating a Customer Culture**

To group India and China with Japan, Korea, and the rest of Asia may seem odd considering the enormity of their economies and vastly different cultures and citizenry. However, there are similarities in the way businesses can approach operating in these countries and connecting with Asian customers.

One of the biggest commonalities is how men and women are treated differently in Asia, according to Kim Schott, president of Schott Cultural Consulting. "In a business environment, men take charge and if you're a B2B company that's who you want to speak to," Schott says. "If, however, you're trying to reach a household decision-maker, that's generally where a woman is in charge."

Schott points to a series of Heinz ketchup commercials that aired in India last year and won a number of awards. In them, a man at a business lunch and a woman making dinner both have difficulty pronouncing "Heinz." The stark difference between who Heinz is targeting with each ad is clear.

Another commonality is mobile technology adoption. Mobile commerce, or m-commerce, is widespread in Korea and Japan, for example, and GPS-enabled mobile marketing is making its way into the mainstream across Asia. "There are three times as many mobile phones as PCs in Asia," says Brenda Bence, president of Brand Development Associates. "There's a great opportunity there for interactive marketing, and that trend will be coming to Europe and the U.S. as well."

Ultimately, though, most of the mobile companies operating in Asia want to tap China's one-billion-plus consumers, Bence says. "Especially with m-commerce and mobile marketing, everyone wants to make sure these things work in smaller, more advanced regions, and then they can make it work in China."

### **Middle East: Building a Customer Oasis**

Despite the economic downturn in much of the world and the instability of the world financial market, Middle Eastern companies remain strong and responsive to changing customer needs. "The Internet has become the main tool for getting the fastest information from anywhere, anytime," says Banu Akca, senior consultant at Peppers & Rogers Group in Dubai, "so Middle East-based customers have started to demand more accessibility, greater availability and simplicity with transactions, and immediate access to information."

Consequently, Middle Eastern companies have started to embrace mobile technology and social media as a means to communicate with customers. "Companies here are aware of the fact that if you want the rest of the world to know about your business, it's better to jump on the social media train now, and not be left behind wondering what happened," Akca says. "They're aware that the benefits of social media include providing better customer insight, utilizing a direct communication channel, and the ability to measure the effectiveness of conversations."

Middle Eastern companies are also meeting customer demands with a move to self-service. Mobile and Internet penetration ranges from 50 to 100 percent in most of the region, and companies are eager to use these channels to reduce costs while providing immediate response to customers, especially in banking. "Financial services providers in the Middle East are working toward a single customer environment, addressing risk-adjusted performance measurement, and rapid response to shifting market demands," Akca says. "Researchers say the banking sector will invest \$1.8 billion in information and communication technologies by the end of 2008, increasing the 2007 expenditure by 15 percent."

#### **Africa: Fostering Trusted Relationships**

Although South Africa is commonly cited as the hotbed of business in Africa, other areas of the continent are advancing economically, technologically, and commercially. Despite, and in part because of, the lack of infrastructure, mobile phones are more common than landline phones in many countries. And while Internet penetration is far less than it is in the developed world, it's growing rapidly.

For companies that enter the developing African market, Joseph P. Cool, president of Cool & Associates, advises using a three-pronged approach. "To be successful you need access to government, business, and education," he says. "With all three, you can gain an understanding of the culture, politics, and customs."

Even companies that build relationships with local officials face an added challenge. According to Cool, both foreign and domestic companies operating in Africa lack the kind of demographic data available in the U.S. Consequently, it's difficult to even know who to target, let alone build customer trust. "Companies need to understand that in many places, it wasn't so long ago that society was set up in tribal villages," Cool says. "That creates a family market structure, and it leads to certain expectations from consumers."

Micro-loans, for example, have taken hold in many African countries as a way to empower entrepreneurs (especially women) and create local businesses where consumers expect to have a relationship with the person they're buying from. In places like Ghana and Nigeria, which are more progressive countries and also rich in oil revenues, there is opportunity for rapid expansion, Cool says. "The key," he says, "is finding a way to build a strong marketplace while also helping the people, so that going in you've already built trust and can count on a higher level of customer satisfaction."

#### **Australia: Aiming for Customer Strategy Success**

In Australia customer strategy is a well-understood but often poorly executed part of doing business, according to John Turnbull of Customer Connect Australia. "In terms of customer management here, the biggest issue is understanding how to implement the strategy effectively," Turnbull says. "There's no lack of intent on the part of companies, but corporate inertia, old measurement systems, and traditional management practices tend to get in the way."

One industry in Australia experiencing customer strategy success is banking. Westpac Bank, for example, aggressively measures its customers' future needs and satisfaction, as well as corporate leads and opportunity conversations, to profitably deliver a top-notch customer experience. The bank shares data across the organization and takes action based on that information. As a result, the company's customer satisfaction score is at 73 percent, the highest it's been since 1997, and sales are up across product lines.

The problem with industries in Australia, Turnbull says, is that they see customer experience management as "the customer is always right," which misses the point of customer satisfaction. "Fundamentally, few understand that managing customer experience is really about recognizing the emotions of customers rather than just satisfying rational factors," he says. Australian consumers expect reliable service and value. So far multichannel service isn't at the top of their priorities, but with the growth of mobile, it may well be soon.

When it comes to loyalty, Australian companies largely think of repeat purchasing as the most important metric, Turnbull says. His research has shown that measuring loyalty by share of wallet or other purchase-based metrics doesn't work. "Of course that isn't loyalty," he says. "Better measures like advocacy will gain focus here, and then organizations will see growth in their customer satisfaction and loyalty."