

# The secrets to winning customers

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**Brand equity will only take you so far. You have got to keep looking at it, you have got to refresh, you've got to understand today's consumer, and you have got to meet that consumer where they want to be met.**

As consumers become more empowered and informed, companies that keep their customers firmly front of mind are more likely to grow profits and revenues

"In the end you have to give your customers a voice, you have to truly listen to them and not just make them feel heard. You have to treat them with the respect that they deserve because after all in this world where there is no scarcity of choice, you have to give them a reason to keep choosing you," said Emily Weiss, CEO of new beauty brand Glossier, at a retail conference in March.

In just four years, the brand, which evolved from Weiss's blog Into the Gloss, has become one of the beauty industry's biggest disruptors and recently raised US\$54m in a new round of funding. The American company relies on customers sharing recommendations and experiences on social media to drive the creation of new products. More than 70 percent of its online sales and traffic come from peer-to-peer referrals.

Glossier is just one of many new brands that have emerged with customer centricity at the very heart of their business. They have taken advantage of the ability to communicate with their target consumers directly online to learn about them and build relationships with them. It is now quicker and easier for disruptors to connect with consumers and grab market share than it has ever been.

Long-established market leaders in such diverse sectors as mattresses, personal care, apparel and food are facing disruptive competition. Some of the challengers have been started by dissatisfied consumers. Heidi Zak founded the online underwear company ThirdLove because the bras she bought did not fit her properly. To rectify that, she introduced half-cup sizes, which are now worn by one-third of ThirdLove's customers.

Businesses recognize the challenge. The 2018 Top of Mind Survey shows that understanding customer needs is a top priority for 48 percent of companies. Yet in many cases, management recognizes they have much work to do – and not much time to do it in. One 20-year veteran at a Fortune 100 consumer company told an investor recently: "In 10 years our company will no longer exist. It will be broken up."

As Willy Kruh, Global Chair, Consumer & Retail, KPMG International, says, "Brand equity will only take you so far. You have got to keep looking at it, you have got to refresh, you have got to understand today's consumer, and you've got to meet that consumer where they want to be met. If you don't get that experience is such a large part of it, and you're not catering for that and morphing into a business that is based more on experience, then you're going to miss that consumer base. If they're not grabbed by your proposition, they're gone. And they are gone forever."

In the war for relevance, traditional companies can still flourish. Low-cost retailer Dollar General Corporation has prospered in the US with a clear customer proposition: "Save time, save money, every day". One of America's fastest-growing retailers (in terms of outlets), Dollar General understands who its customers are, what they want and where they live.

In 2013, the retailer began to focus on opening stores in small rural towns, choosing locations near its target demographic, low-income customers, and more than 40 miles from low-cost chain stores. Dollar General's 14,000 small stores contributed to its US\$23.5bn in sales in 2017. Low prices are critical but so is convenience – almost 75 percent of Americans live within five miles of a Dollar General store – and the 'treasure hunt' strategy of product selection which encourages shoppers to buy a product on the spur of the moment as it may not be in store the next day. As in the UK, where bargain-seeking affluent consumers have helped low-cost grocery chains seize a combined market share of 12.8 percent (according to Kantar World Panel), Dollar General's stores are attracting many more affluent American shoppers.

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